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A PAYROLL BUSINESS MODEL FOR THE FUTURE

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Master of Business Administration

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Abstract

The context of this research is broadly focused since it is based on payroll business models, which sit predominantly within Human Resource or Finance functions. This research is not about defining the operational detail of how a payroll service is delivered. It is about the core strategic elements of a model that will strengthen payroll as a competitive business model for the joint venture company and other organisations. Strategies emerge as people come to learn about a situation and the capabilities of their firm to deal with them (Mintzberg et al, 1998).

Mintzberg's thinking encapsulates the essence of this research in that it has identified the challenging perceptual paradigm shift, that is, to transform the thinking of payroll as a mere transactional cost based activity to one that is perceived as a core business activity with multiple potential when combined with associated technology and integration with other business functions. It provides a competency set that can be sold in the market place as a unique selling position to deliver what others may consider as blue sky thinking i.e. a mere wish or dream.

Declaration

This work is original and has not been submitted previously for any academic purpose. All secondary sources are acknowledged.

Signed: M. McGurk_____

Date: 4th June 2009_____

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1 Introduction

1.1 Background to the research

This dissertation is an attempt to improve an organisation through the effective changes and deployment of its payroll business model. It looks at both public and private organisations and reviews the business models within them by comparing the research data to information within academic and professional literature. The rationale for picking both public and private sector models will be covered in the methodology. Benchmarking exercises for payroll models compare like for like, it does not matter whether you choose a partner from the private or public sector, public sector payrolls often have a degree of complexity that matches anything paid in the private sector, manuals and procedures tend to be more detailed and wider ranging. Private sector payroll will have adopted commercial practice when formulating systems and may have also negotiated better deals with software or equipment suppliers (Kelsey, 2009).

This research is centred upon the various models that directly involve the payroll business model. A payroll business model is contained within many forms, from HR Business partnering which includes joint venture partnerships involving private and public organisations, outsourcing, in house arrangements, application service provision, bureau payroll from managed to fully managed, integrated payroll and HR. The direction of each organisation in terms of its model is often decided by that organisations strategy, whether emergent /innovative or planned. Too frequently problems are identified as an HR issue and then shipped out for HR to solve, when really they should be looked at from an organisational perspective, *“HR must evolve from its current position as the clock watching number crunching administrative department to become a recognised partner to top level decision makers.”* (Hayman 2009, p.10) In many organisations HR is seen as a cost of running the company, meaning they are under increasing pressure to cut HR headcount and costs, and just at the same time they should be delivering greater services and playing a greater role in the company (Hayman, 2009). Janes (2009 p.20) states that *while managers are abundant in soft skills* they lack things like performance management and the ability to cut costs and generate new revenue, payroll managers should be more commercially aware, questioning, focused on customer service and adept at creating business plans or negotiating. Another aspect of the payroll business model is the determination of where it is situated in terms of the structure of organisation. For instance many organisations have their payroll service situated within the

finance department and others within the HR department. There is little empirical evidence of the payroll department acting a key strategic player in most organisations other than those specifically designed with their core competence and market position as payroll, for example organisations such as Midland HR, Northgate-Arinso, Pegasus Software Ltd, ADP and Ceridian.

The research study is qualitative, conducted on a small scale using a large local government authority involving a joint venture organisation consisting of public and private entities. It also has involved similar organisations and a purely private organisation to compare and contrast thinking about the strategic direction of the payroll model.

1.2 Research

Before embarking on a research project it is important to reflect more generally on the purpose and nature of research. The purpose of research is to extend knowledge in a specific field by investigation.

The research question

“A payroll business model for the future”

Aim(s) of the investigation:

- i. To understand and investigate payroll business models
- ii. To critically evaluate my own organisation’s joint venture payroll business model
- iii. To investigate the opinions of key leaders within a range of appropriate organisations as to their payroll business models

1.3 Justification for the research

The payroll within the researchers own organisation is seen as a product that can be sold uniquely or as a package to service the needs of customers. Recent growth in business within HR and payroll has seen dramatic success for payroll. This has opened up negotiations with customers for other parts of the business including ICT and Human Resources.

This organisation is fast approaching a crossroads deciding which way to go. The Joint Venture has a finite lifespan and therefore the company must evolve and diversify its customer base if it is to survive beyond the contractual close. The development of a model for

payroll could provide the company with an example of a direction that could grow the business. There is justification for the research using payroll as there have already been two areas where contracts have been won using the existing model. Customers have mostly been interested in the payroll solution and as a result of that success they have taken other products that link into payroll, recruitment, employee relations and ICT. The research will point towards a strategic framework model for payroll that attempts to meet with customer requirements, is at the leading edge in terms of market positioning by catering for market sectors where competitive advantage is achieved through a combination of knowledge of key staff and technology advances, the two main foundations of the company. Does the joint venture company continue to concentrate on developments of the service for its main customer after 7 years into the contract? If the customer is becoming frustrated with the contract ties and charges for non business as usual work requests does the contractor develop and grow with new external customers who will reap the benefits of technological innovations? It is a critical time for this organisation as some of the classic mistakes can be made if the path of the model is not clear. Tendency to be all things to all customers can be a drain of resources, lack of direction and slow investment can hamper in the quest to develop competitive advantage. This dissertation develops the idea that added value from the model for payroll can form part of a systemic chain leading to competitive advantage over a market where there are leaders in the specific payroll field are challenged by the development of a future broad model that stems from components like key investment and technological advances when the timing is right.

1.4 Methodology

The research philosophy used in this dissertation is an interpretative stance using elements of qualitative inductive research that will allow themes to emerge to formulate a theory on the payroll business model for the future. The literature review will outline the areas of interest arising from the researchers own organisations current position as a joint venture partnership organisation and will outline the literature relating to the approaches to payroll in three main areas, centralised/internal, outsourced and shared service payroll functions. To develop the link between payroll as an internal function and a business model the literature review will then focus on the components of business models relevant to a general payroll business model. The approach will incorporate the fundamental element of grounded theory (Glaser and Strauss, 1967) as a method to allow theory to emerge from what the participants' main

concerns are. The method will adapt inductive and deductive approaches based on work by (Strauss and Corbin, 1990) which describes the research as moving between proposing and checking. The researchers own in depth experience of payroll will be used to compliment the research developing the theme of interaction of payroll as an internal business function and a potential external saleable product. Strauss' (1987, p. 84) techniques encourage researchers to use their own personal and professional experience and acquired knowledge as a positive advantage in the grounded theory process to enhance theoretical sensitivity rather than obscuring vision: *"if you know an area, have some experience . . . you don't tear it out of your head, you can use it"*.

Triangulation of the research will be used by comparing the views of participants from different organisations to compare and contrast the findings and this will be used to ensure that the findings are trustworthy (Robson 2007). For example a local government organisation with no partnership links compared against an organisation with a commercial partner and a completely private organisation.

1.5 Outline of the chapters

The introduction will outline the main emphasis of the research using the example of the researchers own organisation to create a theory that there is a paradigm shift of thinking about payroll as a secondary function in organisations to that as a business model for the future. The second chapter will cover the main literary areas linked to the purpose of the dissertation and a methodology to develop the research outcomes will be discussed in chapter three. Analysis and findings in chapter four from the open coded and axial coded data will set the scene for a discussion of the conclusions in chapter five leading to a theoretical model for organisations to develop their own model for the future based on outcomes from this research. Finally chapter six will discuss recommendations for the researchers own organisation based on the model developed in chapter five.

1.6 Definitions

The phrase ‘payroll business model for the future’ is used to describe a frame work for organisation’s to use that will improve the current model.

Outsource is the term used for a company that pays to have part of its work done by another company, (Cambridge Online Dictionary, 2009)

In-house is a term used to describe something that is done within an organisation or business by its employees rather than by other people (Cambridge Online Dictionary, 2009).

Universals are a term used to describe a name given to ideas, concepts, abstractions that form a group because they have an important feature or concept in common (Fisher, 2007). For example, payroll models can have varying meanings from in-house to outsourced payrolls

1.7 Summary

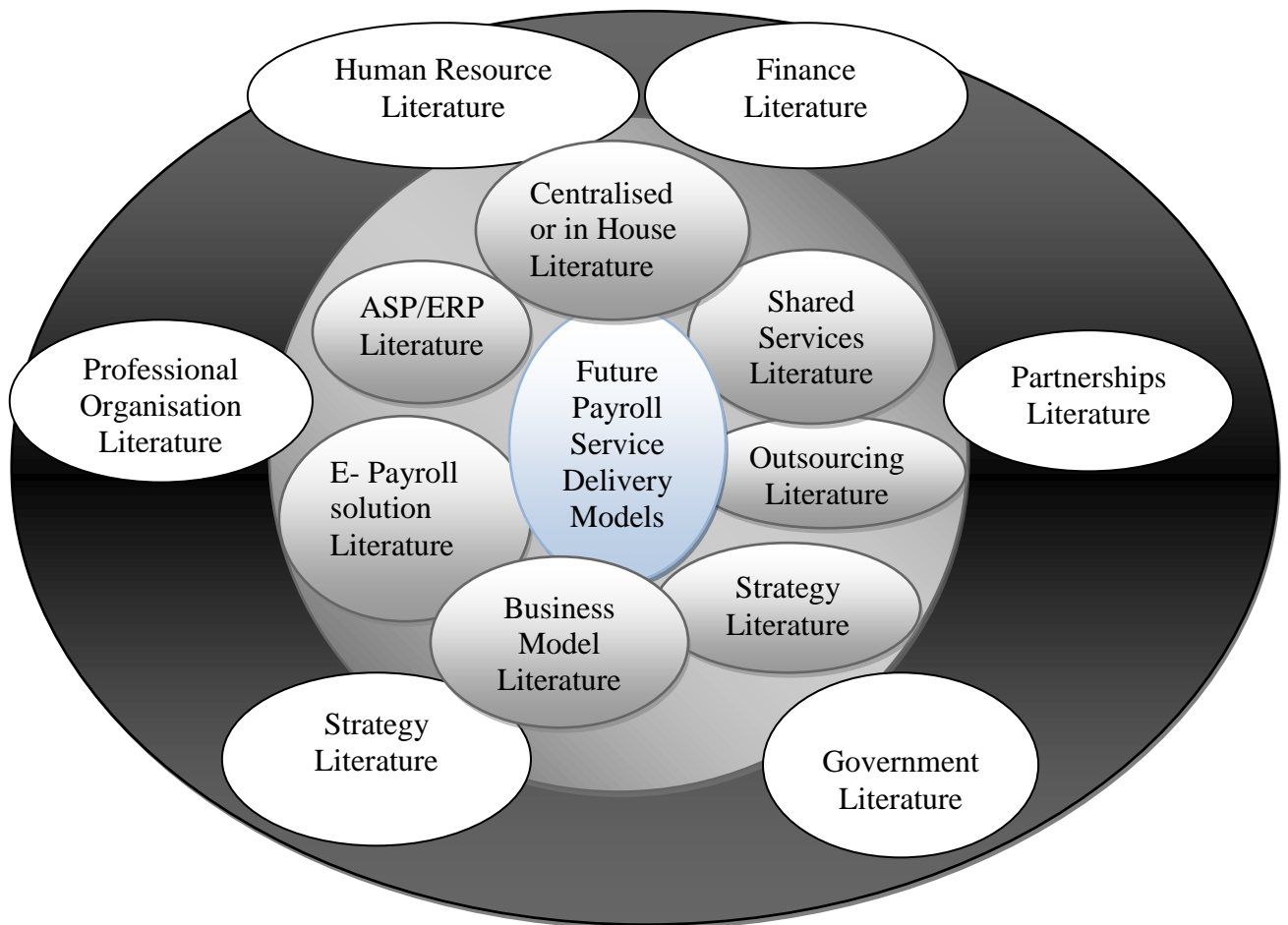
This chapter has set the scene for a path towards an eventual conclusion of a theoretical payroll model for the future in chapter five. The next chapter will draw upon literature appropriate to the researchers own payroll model within the context of partnership working. It will also review literature on payroll models and how organisations deal with the payroll function as part of their overall business strategy.

2 Literature Review

2.1 Introduction

It is important at the start of any literature review to map out the relevant areas of literature appropriate to the field of study (Fisher 2007). The following diagram Fig. 1 shows the range of literature reviewed for this study with the outer ring areas representing the broad related literature topics. The inner ring areas bring the more relevant focussed areas of literature related to the research aims.

Fig.1 Literature Review



The literature search started with attempts to answer the research aim by finding the knowledge base which broadly related to the researchers own organisations model for payroll. This included looking at how partnerships affected the type of model used for payroll. The researchers own organisation was formed under a joint venture public/private partnership. Key areas of the partnership body of knowledge have pointed to literature involving strategic direction looking at a competitive advantage concept within core competencies and market positioning. This had an impact on the direction of

the search in that the focus for payroll delivery models is within the HR and Finance functions of organisations. Furthermore, development of those functions through business models and advancements in technology guided broad themes for research interview questions on the positioning of future payroll models. Extended searches for payroll literature in terms of the models of service delivery have brought limited results; there are gaps in payroll and outsourcing literature. Saratoga (2001) provides payroll information not by country but on a Europe wide basis, surveys such as Saratoga (2001), PricewaterhouseCoopers (2000), BNA (2002) or Intranet data (Brewster et al., 2001), fail to distinguish between the different payroll activities. There is a need to shed light into the “black box” (Dickmann 2005, pp. 451-67) of payroll, to understand the multiplicity of activities within payroll and to identify key processes. In addition, there is a tendency to use Transaction Cost Economics (TCE) to identify or formulate propositions for service delivery in house or by outsourcing when in fact they do not cover the wide range of organisational and individual motivations for change Dickmann (2005).

Organisations and Strategy

The researcher’s own organisation structure is very much centred on a partnership so the research has attempted to draw out some of the literature that focuses on the structure and strategy that affects the payroll and this in turn may inform the research aims.

“No organization is forever. The average joint venture lasts seven years, according to a McKinsey study, with almost 80 percent ending up in a sale to one of the partners”

(Bamford, 2003 p. 216)

The essence of the joint venture is to improve services and grow the business, including payroll, for internal and external customers. Research by Accenture has discovered that half of all alliances fall well short of expectations and the highest cause of alliance failure 87%, is the “*Shift in partner’s strategic direction*,” The research also included four other reasons for failure including; “*senior management attention wanders*”, “*Champions move on*”, “*Lack of career path*” and “*Clash of corporate cultures*”. Anslinger (2004 pp.18-22)

Given that the researchers own organisation has now reached a critical stage identified in the McKinsey study it follows that the timing of this research may benefit those

participants in the study that have similar organisational frameworks or are aspiring to emulate other partnership models.

The literature surrounding local government partnership models give direction to local authority service delivery in that to succeed in managing the business of a large company they need investment/financial support. Indeed Whyte (2006) stated that the current context of local authority service delivery now requires further development of the partnership model. Local authorities have much wider powers nowadays than relating simply to the provision and delivery or arrangement of services.

Whyte (2006) also states that;

“Councils now do big business in financial and resource terms, but no major enterprise can function within the traditional financial constraints operating on local government....”

To strengthen the theme of partnership working Gershon (2004) developed a government spending review that has impacted on local authorities at three levels. Better procurement which would deliver the most immediate savings. Efficiencies which would be achieved by making existing local government structures work better, e.g. by existing councils partnering or sharing service delivery. Achieving the efficiencies would lead to trading companies being established to deliver key services for councils. The National Procurement Strategy (NPS or the Byatt Report) was published by the Government in October 2003. This report exposed that local government does not maximise the potential for making savings and efficiencies through the strategic use of its procurement power.

Byatt (2003) identified the specific role that could be played by partnering, collaboration, and the use of new trading powers available to local government. The use of collaboration to procure and commission jointly, to create shared services, make best use of purchasing consortia, utilise open framework agreements, and use e-marketplaces was at the heart of the report.

The Audit Commission (2005) identifies three critical issues affecting many partnerships.

1. **Performance** – *How do you build the sort of relationships that deliver improvement? And how will you know if your partnership is making a difference?*
2. **Inclusion** - *How can you actively involve all the partners you need to reflect different perspectives in the local community? And how do you make partnership working attractive to both public organizations and private business?*
3. **Probity**– *To whom is your partnership accountable and how can you ensure that public money is being properly spent? And what formal monitoring and appraisal systems do you need to have in place?*

The literature described previously remains ambiguous proclaiming the benefits of working in partnerships, but also pointing out the risks. Kanter (1994) on the basis of a large study of alliances between companies across continents and cultures writes:

“In every case, a business relationship is more than just the deal. It is a connection between otherwise independent organisations that can take many forms and contains the potential for additional collaboration Relations between companies begin, grow, and develop – or fail – in ways similar to relationships between people.”

(Kanter 1994 p. 98)

Coulson (2005) points out Kanter’s list of the ways in which a partnership may fail as follows: shifts in strategy by one or more partner, absence of a common framework, uneven levels of commitment, imbalances in power – over resources, or over information, imbalances in benefits, conflicting loyalties – which may be complicated by problems with internal, corporate politics and “under management”.

The key to the success of the partnership may lie in its strategy Andrews (1971) defined strategy as the match between what a company can do (organizational strengths and weaknesses) within the universe of what it might do (environmental opportunities and threats). According to Leavy (2003) two perspectives within strategy have emerged to explain how competitive advantage can be created and maintained. Core competence is referred to by some strategists as core strength of the company, Prahalad and Hamel

(1990 p.16-28) view the core competence as *“fulfilling a number of key conditions; it must be rare, difficult to imitate or substitute and valuable to customers across a range of product market opportunities.”* Market positioning focuses on the structure of the organisation and how it may be best positioned with the aim of creating a hard to replicate position in a market that is hard to enter. Prahalad and Hamel, (1990) believe that companies should focus on core activities. The reasoning here is that organisations should sharpen their focus on activities generating competitive advantage by outsourcing peripheral activities with low added value (Conklin, 2005; Quinn and Hilmer, 1994). By outsourcing the non-core activities, an organisation can direct more resources (time, money and managerial attention) to its core activities (Venkatesan, 1992; Welch and Nayak, 1992). *“Companies now are finding that the HR issues are, in fact, centre stage to business competitiveness. The intellectual capital, core competencies and organizational capabilities are all the pieces that are central to success.”* (Ulrich 1997 p.11)

(Marchington, 2006), refers to the perspectives on business and corporate strategy, explaining that the reality for most organisations is that strategic choices are shaped by forces beyond their immediate control. (Grant, 1998, p. 3) does not think strategy is about a detailed plan or a set of instructions, rather *“a unifying theme that gives coherence and direction to the actions and decisions of an individual or an organisation”*

In contrast to Marchington and Grant, (Johnson 2002, pp. 5-9) identifies key elements of classical strategy including, long term direction, competitive advantage, scope of activities, determining SWOT analysis, Strategic decision making from the top and Shaping of decisions by interpretation of advice.

Grant (1998), explains that one of the biggest problems in any organisation, especially one that operates across a number of different product areas, is determining the most appropriate structures and systems to put strategies into effect.

Range of Models Available

So how does the research literature on strategy and partnerships affect the payroll function? According to Hayman (2009) organisations should be making HR a business priority despite the trend in that last ten years of CEO's cutting back on *“run the*

company” to be able to drive “*change the company*” strategies. In most organisations HR is seen as a cost of running the company, meaning they are under increasing pressure to cut HR headcount and costs, and just at the time that they should be delivering greater services and playing a greater role in the company. Meall (2009) argues that in the current economic climate HR Payroll will add value to business.

It maybe useful at this point to describe the types of models that encompass payroll and the characteristics that link to the strategy of organisations.

The Employers organisation identified five HR delivery Models: Centralised, Shared services provision, Decentralised, Outsourcing and an account management model. Crail (2006) also states it is important to consider the literature relating to the organisational design which will influence the organisation’s decision to choose the payroll service delivery model.

According to Hammond (2009) the key objectives of a payroll department are to: be on time, produce accurate results, meet all statutory and contractual requirements, provide this in a user –friendly practical way and be cost effective

Hammond (2009) also outlines the different payroll systems used by organisations as follows:

- In-house – in place for many years, written and supported by IT specialist and updated with statutory obligations , often using older technology and costly to upgrade
- Stand Alone – used by companies with small numbers of employees, off the shelf pay payroll packages
- Packaged payroll software – hosted on your own network or hosted by the supplier, these systems use up to date technology, they are used by a wide range of companies and the software maintained by the provider
- Bureau systems – another alternative for companies who want to keep control of the payroll input and management in house but want to reduce the risk of supporting the software and computer systems
- Fully outsourced systems – are where companies would prefer to concentrate on their core activities and developing their business. This type of system replaces the need to have payroll specialists in house, more of a requirement in recent

years due to increasing complexity of payroll legislation. Management know the future costs as there is usually an ongoing fee

- Current trends in integrated systems are prevalent, such as ERP (Enterprise Resource Planning) and HCM (Human Capital Management)

Brown (2006) believes there are really only three basic models to consider:

- centralisation
- business process outsourcing
- shared services

Brown also advocates the direction organisations should use and states “One Payroll” solution using the model for shared service payroll.

“Without clear definition and articulation of the preferred management model and operating principles the term ‘One Payroll’ will mean many things to many people...leading to almost certain failure.”

(Brown, 2006 p.3)

The type of service model to be implemented will be largely influenced by the goals and objectives set for its operation, some of these goals may include: service enhancement cost control, economies of skill, either singly or in combination.

Brown believes the challenge in setting these goals is to *“eliminate the potential for unintended consequences and ensure that there is an appropriate balance between these often competing objectives such as cost control at the expense of service quality.”*

(Brown 2006, p.2)

Brown's proposition is that a 'shared services model for 'one payroll' is the only viable option and in reality the only way to address the increasing demands for improved service quality at lower costs.

A work in progress example of the development of shared service is the NHS and “The Way Forward” proposals. Francis (2008), points out that shared services are focusing on three main areas:

- Business Process Outsourcing (BPO)
- Shared services
- Application Service Providers (ASP)

Francis (2008) also provides a useful description of the industry experience in shared service success factors as follows:

Fig. 2 Shared Service Success Factors (Francis 2008, p.31)

Rank	Factor
10	Establishment of a customer service focused culture
9	Senior management drive and leadership
8	Process re-engineering and standardisation
7	Clear scope and vision
6	Stakeholder management and communications
5	Standardised IT platform
4	Well defined and managed business case
3	Robust project management and transition approach
2	Performance management and rewards
1	Understanding of the legal and fiscal implications

(where 10 = most important)ⁱ

Wang (2007) argues that Shared Services have been widely spread amongst the private and public sector over the last decade. Shared service standardises and consolidates common functions across multiple organisations to focus on reducing duplication and increasing knowledge. It compels organisations through new business sourcing strategies to think about radical organisational redesign (Rison 2005). King (2006) states that shared services generally bring in stability whereas outsourcing can involve uncertainty. Shared services according to Davenport (1990) can have strategic opportunities by improving business performance when sharing non core business functions such as accounting, financial transactions, human resource management, customer services and shared distribution services can give partners dependable marketing information, (Krempel 2000). According to Wang (2007) few research reports can be found in the literature on management of the environment of shared services.

Is outsourcing an option for payroll service delivery? According to Dickmann and Tyson (2005) assessing whether an outside payroll organisation can carry out cost

intensive activities such as pre processing payroll, bearing the responsibility for this task may be a way forward towards cost efficiency. A number of difficult contractual and other issues need to be considered – including confidentiality, trust, control, learning, penalties for non-achievement or lack of quality, historical patterns and internal politics have to be addressed.

Millar (2005) states that a quarter of FTSE 100 firms and 30% of UK companies now outsource their payroll, he goes on to explain that before considering the outsourcing model companies should consider the types of models available: 'One-stop shop': outsource both HR and payroll functions to a supplier that will provide the full spectrum of services: 'payroll plus': payroll is the main outsourced function, but with HR 'add-ons' such as employee self-service portals that takes away some of the more administrative tasks traditionally undertaken by HR (e.g. Centrefile). 'Bureau service': provider hosts software application on its own technology platform, into which customer feeds data which is then hosted and processed by the supplier (e.g. Northgate/Midland). A popular belief is that organisations use HR outsourcing primarily to cut costs in the HR department (Delmott, 2008). However, some studies caution that cost reduction should not be the only factor considered in the decision to outsource (Shelgren, 2004; Stroh and Treehuboff, 2003). For example, a study by Beaman (2004) shows that the real payoff from HR outsourcing is not in reduced costs, but in improved quality. By HR outsourcing they are gaining specialised HR expertise, achieving flexibility, reducing risks and enhancing access to advanced technology (Belcourt, 2006; Lever, 1997; Scott-Jackson et al., 2005).

In a study by Khatri (2001) HR was considered as the core pillar of the business and was regarded as being one of the main profit making departments. In the same study managers regarded outsourcing of major HR activities as a fad that would pass and organisational culture was seen as one of the main reasons not to outsource.

But is outsourcing the way to go for payroll? Companies are using strategic and transformational outsourcing to seek improved business focus, mitigate risks, build sustainable competitive advantage and extend technical capabilities and free resources for core business purposes (Bartell, 1998). Competitive advantage can be gained when the most appropriate business processes are performed more effectively and efficiently by external suppliers (Lankford and Parsa, 1999). Not all of the literature proclaims outsourcing to be the key to the organisations preferred payroll model, for instance, if an

organisation adopted a distinctive approach to the management of some or all of its HR activity, then it would be ill-advised to consider outsourcing (Klaas et al., 2001). In a similar vein Ulrich (1996) and Pfeffer (1997) have also expressed scepticism about HR outsourcing, arguing that it can limit the ability of firms to develop distinctive competencies within the workforce, and that it will also create inefficiencies because contractors are often unfamiliar with client organisation strategies and cultures. This is backed up by some evidence that outsourcing can change the nature of work, especially among professionals who lose discretion over their tasks as their work becomes deskilled in order to facilitate monitoring of output (Grugulis et al., 2003).

The external provision of services and especially the outsourcing of routine, administrative tasks in human resources (HR) and payroll, is often seen to have the potential to increase efficiency (Csoko, 1995; Caster, 2001; Auguste et al., 2002) this view is also prevalent with the concept of Shared Service Centres (SSCs) in which organisations collaborate across business units and have the potential to raise human resource department efficiency (Ulrich and Smallwood, 2002). Although local authority chief executives understand the importance of people management issues in their decision-making, they are less convinced that the HR function has a role to play in making those decisions, and are less likely than HR practitioners themselves to regard their people management function as a strategic partner, (Crail 2006).

Business Model

Given that the dissertation aims are about a future model for payroll and the researchers' own organisation is at a critical point in the partnership relationship sense, it may be appropriate to reconsider the model. According to Morris et al. (2005) ventures fail despite the presence of market opportunities, novel business ideas, adequate resources, and talented entrepreneurs. A possible cause is the underlying model driving the business. A basically sound model will typically withstand economic downturns and modest disturbances but can become dysfunctional if major discontinuities occur. When external changes undermine a model, it typically cannot be recalibrated; a new model must be constructed.

The development of business models is a relatively recent phenomenon with much of the interest being within the last 10 to 15 years. The largest volume of research has come

from electronic commerce (Mahadevan 2000). Morris et al. (2005), Fig. 3, has produced a synopsis of available perspectives of the key components of a business model. It is clear from the table that there are as many similarities as there are differences, which leads to a view that there is a lack of consensus as to the appropriate model for the circumstances.

Fig 3 Perspectives on Business Model Components – Morris et al (2005)

Source	Specific components	Number	E-commerce/ general	Empirical support (Y/N)	Nature of data
Horowitz (1996)	Price, product, distribution, organizational characteristics, and technology	5	G	N	
Viscio and Pasternak (1996)	Global core, governance, business units, services, and linkages	5	G	N	
Timmers (1998)	Product/service/information flow architecture, business actors and roles, actor benefits, revenue sources, and marketing strategy	5	E	Y	Detailed case studies
Markides (1999)	Product innovation, customer relationship, infrastructure management, and financial aspects	4	G	N	
Donath (1999)	Customer understanding, marketing tactics, corporate governance, and intranet/extranet capabilities	5	E	N	
Gordijn et al. (2001)	Actors, market segments, value offering, value activity, stakeholder network, value interfaces, value ports, and value exchanges	8	E	N	
Linder and Cantrell (2001)	Pricing model, revenue model, channel model, commerce process model, Internet-enabled commerce relationship, organizational form, and value proposition	8	G	Y	70 interviews with CEOs
Chesbrough and Rosenbaum (2000)	Value proposition, target markets, internal value chain structure, cost structure and profit model, value network, and competitive strategy	6	G	Y	35 case studies
Gartner (2003)	Market offering, competencies, core technology investments, and bottom line	4	E	N	Consulting Clients
Hamel (2001)	Core strategy, strategic resources, value network, and customer interface	4	G	N	Consulting clients

Petrovic et al. (2001)	Value model, resource model, production model, customer relations model, revenue model, capital model, and market model	7	E	N	
Dubosson-Torbay et al. (2001)	Products, customer relationship, infrastructure and network of partners, and financial aspects	4	E	Y	Detailed case studies
Afuah and Tucci (2001)	Customer value, scope, price, revenue, connected activities, implementation, capabilities, and sustainability	8	E	N	
Weill and Vitale (2001)	Strategic objectives, value proposition, revenue sources, success factors, channels, core competencies, customer segments, and IT infrastructure	8	E	Y	Survey research
Applegate (2001)	Concept, capabilities, and value	3	G	N	
Amit and Zott (2001)	Transaction content, transaction structure, and transaction governance	4	E	Y	59 Case studies
Alt and Zimmerman (2001)	Mission, structure, processes, revenues, legalities, and technology	6	E	N	Literature Synthesis
Rayport and Jaworski (2001)	Value cluster, market space offering, resource system, and financial model	4	E	Y	100 Cases
Betz (2002)	Resources, sales, profits, and capital	4	G	N	

The table at Fig. 3 is significant because of the varying importance of components that the different authors have attached to their business model. Would a review of these models over time show a difference in the components?

Richardson (2008) argues that intermediate between the firm's abstract theory of how to compete and the myriad of details in its operations, is a logical structure that links theory to action. This logical structure does more than just explain activities in terms of the basic strategy. It helps to complete the description of strategy. Richardson (2008) also stated that a better business model may confer a competitive advantage. Using Morris et al. (2002) in Fig. 3 it can be seen that the number of components to a business model varies from four to eight with the most frequent being value offering or proposition of the firm, profit, customer interface/relationship, partner network, internal infrastructure and target markets. Chesbrough and Rosenbloom (2000) identify six

functions of a business model, value proposition, target market segment/revenue source, value chain/complimentary assets, cost structure, position of the firm and the competitive strategy of the firm. To develop a business model framework Richardson (2008) captures the common themes among the many authors in Fig. 3 and the goal is to provide a comprehensive picture of the way a firm does business. The model can help the firm make decisions about which activities should be within the firm (vertical integration, outsourcing, partnering, etc.) part of business strategy as they should be (Barney, 2002).

Williamson (1979) argued that there is a range of alternatives to obtain the same product/service, market based governance structures that rely on a contractual relationship with an external supplier. Hierarchy based governance structures encompass the internal production of the goods or services, relying on a system of organisational relationships and also joint ventures and franchises exist. In payroll, both market-based outsourcing and hierarchy-based internal delivery of services exist. Williamson (1979) maintains that internal organisation restrains the opportunism in the market exchange; Dow (1987) suggests that authority relations may generate forms of opportunism.

Redefining the business model to deliver the emerging organisations customer needs may be the opportunism that is needed from CEO's. Mitchell (2003) states that, continuing business model innovation provides a way to outperform competition. Successful companies are making frequent fundamental improvements to their business delivery models and improving their strategies to out perform the competition. Paychex is an American company offering low cost payroll to small businesses and by shifting its focus from what it provides to how it provides payroll through business model innovations the company was able to increase its profitability from 9% of sales in 1989 to 28% in 2002, (Mitchell, 2003 pp.15-21). The example of Paychex shows that providing continued advantages in their innovative payroll model provided sustained substantial growth due to little competitive innovation. Lever (1997) indicates that firms with less investment in payroll software, systems and equipment outsource more and where payroll work is routine, outsourcing is more likely. The availability of specialised skills is an important factor in some outsourcing decisions (Abraham and Taylor, 2001).

In contrast to the success story of Paychex Markham (2004) has stated that HR is too often rushing to implement self-service. It's the same with gadgets. They seem such good ideas at the time that we all rush out and buy them, and then months down the line, we realise we have hardly used them at all.

Markham (2004) goes on to add that what HR functions are failing to do in their haste is to look closely at how their business operates, and to identify what needs to change to allow self-service HR to be implemented successfully. Typically, these changes are extensive and affect not just how HR carries out work, but also how managers manage, and even how other separate functions including payroll and finance engage with employees.

Advances in information technology are likely to have a radical impact on the payroll work and the role of payroll staff and employees in the line. An emerging trend is identified in a case study (Dickmann 2005 pp.465) is that new software – for example in time and attendance tracking – allowed the relocation of data entry and checking to the line. Data capture at source, however, would make this part of payroll more difficult to outsource and would transform the roles of (internal) payroll experts and outsourcing service providers. Moreover, it would impact on the rationale for governance decisions (Dickmann 2005).

An important aspect of the literature review hinges on the governance decisions of organisations whether to keep the payroll model in house or to outsource. Key themes may emerge that may form some of the foundation for this research topic in terms of attempting to identify a model for the future. An example from a sample case study Dickmann (2005) on the reasons to out source or keep the payroll in house, identified key themes such as, cost/risks, quality/skills, political situation, historical situation, operational situation and individual emotions/values/egoism.

The determination of where the payroll model sits by changing its governance structure will affect error rates, the quality of the service and the flexibility of the firm's management to modify processes and outcomes. There are strong situational factors that constrain the decision. The organisation's historical development, the politics of the organisation and the operational pressures influence any outsourcing decision (Dickmann 2005 p.464). Other research has found that the motivation to combine

administrative activities into shared services or to outsource them includes, amongst others, reduced costs and overheads, increased flexibility to manage the business and less distractions. It is argued in the professional and academic literature that this allows management to focus on planning and growing the business. To use “best practices”, to save time, gather or combine expertise, to avoid technical and skill obsolescence, to improve service quality with a dedicated, expert resource, and to reduce business risks by involving knowledge experts (Lever, 1997).

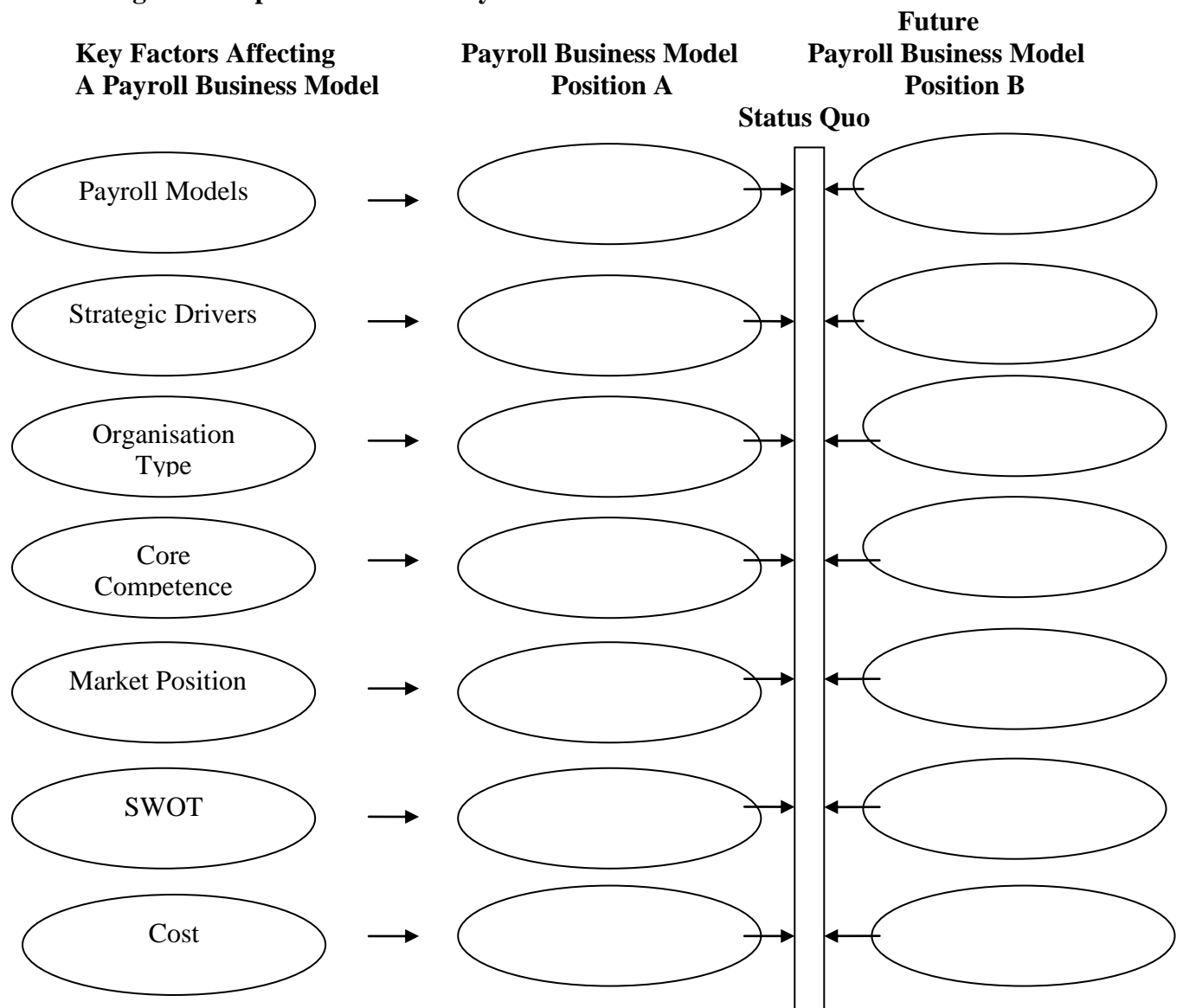
2.2 Conceptual Model

Figure 4 provides a pictorial representation of a conceptual model for a payroll business model for the future. The key factors affecting a payroll business model drawn from the literature are displayed as seven main factors that will be used to focus participants around a broad framework that will allow their concerns to emerge in grounded theory at position A. The model used will allow the researcher to discover the key themes from the participants that will highlight gaps and strengths within their organisations models. The combination of all could provide a payroll model framework for organisations to work towards. The position at A may represent an ideal model for payroll following the research outcomes. It may be that the seven key factors are not present for all of the organisations and those represented currently at ‘A’ may want to achieve the desired key element by implementing a change by moving to position ‘B’. A number of forces operate within the organisations and environment based on the key factors that make movement towards ‘B’ desirable. Movement from ‘A’ to ‘B’ requires that forces for the change exceed forces resisting the change and the affects the status quo. Movement can be achieved by (1) increasing the forces for the change, or (2) reducing the forces opposing the change. Increasing one set of forces without decreasing the other set of forces will likely increase tension and the degree of conflict. Thus, reducing forces against change is usually seen as preferable to applying greater pressure for change Lewin (1951).

The model in Figure 4 is adapted and modified based on Lewin's (1951) force field theory which is a systems approach to organisational change. According to Lewin, the behaviour of individuals in any system results from the total forces acting upon them. These forces have both magnitude and direction - driving forces work for change while constraining forces tend to resist the change and preserve the status quo (Petri, 1991; Sanders, 1977). Force field theory provides a suitable paradigm for the payroll model

because it recognises that the entire system affecting payroll which is subject to a myriad of influences, rather than to single or isolated factors.

Fig. 4 Conceptual Model for Payroll Business Models



2.3 Summary

At the beginning of this literature review the initial aims were to gather information about payroll models and determine the general view from academics on how organisations provide payroll. The literature has been scant in terms of specific payroll model research and according to Dickman (2005) there are gaps in the literature on payroll relating to governance. The literature research has extended from partnership theory and where payroll sits in organisations to looking at why organisations use the types of payroll model, bureau, outsourced, shared service, etc,. The review also took an unexpected direction in terms of looking at the foundations of partnership working and the key to their success may lie in their strategy (Andrews, 1971). Following on from this two perspectives within strategy emerged competitive advantage and core competence, Leavy (2003) and Prahalad and Hamel (1990) respectively. As a development of the strategy literature the emergence of how a business organisation delivers payroll is determined by its business model and its components (Morris et al. 2005). Cost is an important factor Dickmann (2005) appearing many times in the literature and SWOT analysis is described by (Johnson, 2002) as being a key element of strategy. Further analysis using the data from semi structured interviews and through the conceptual model may identify the model for payroll through a frame work for the interviews questions that emerged from the literature as follows: type of organisations, payroll model, strategic drivers, core competence, market position, SWOT and cost.

3 Methodology

3.1 Introduction

This chapter describes the methodological approach to the qualitative, interpretive research used in the study of addressing the project aims. The interpretivism epistemology is used to understand the differences between humans in their roles as social actors Saunders et al (2007), for example the participants are managers interpreting their own roles within their organisations in accordance to the meaning they give the roles. It is useful at this point to refocus on what the aims are attempting achieve overall. The current payroll model is satisfactory in terms of delivering a service to existing customers. However, the organisation is at a critical point in its lifespan and decisions need to be made on its direction and growth. Is there a model for payroll that may best fit the future needs of the organisation and its customers?

The research was set within a public private joint venture organisation that had seconded several of its key functions including HR and Payroll into a separately formed company. The research has attempted then to compare and contrast the similarities and differences within other similar and very different organisations to determine the appropriate future payroll business model. The reason for this research setting was based on the considerable existing experience of the researcher in this field, their interest and enthusiasm to research the topic and also the range of contacts already available to the researcher that made access issues easier to overcome.

The chapter will consider the methodology of the grounded theory approach adopted and provide justification for its use based on literature reviews of payroll models. It will briefly mention those methods considered but rejected and provide a basis for the research design and data analysis procedures. The final part of this chapter will focus briefly on ethical considerations for the research.

3.2 Methodological Considerations

The methodology approach adopted for this research project will be based on Grounded Theory which arose within sociology as a reaction to the previous 'grand theory' approach (Mills 1959) cited by Goulding (1999) where the task of research was to provide validation, or disconfirmation, of theoretical formulations Robson, (2007). The main emphasis of the research was to use an inductive approach as existing theory on payroll models was limited and therefore any attempts to shape existing theory may have produced limited results. An inductive approach was formulated in an attempt to build up a theory grounded in the research data, (Saunders et al. 2007).

The methodology term grounded theory was introduced by Glaser and Strauss (1967). Its process allows theory to emerge rather than being forced out of research material (Fisher, 2007). According to Leonard and McAdam (2000) the concept of emergence is a central tenet of grounded theory. Nothing is forced or preconceived. Everything emerges in a grounded theory – the participants' main concern, the sample, the questions asked, the concepts, the core category, and so on. "*We do not know what we are looking for when we start . . . we simply cannot say prior to the collection and analysis of data what our study will look like*" (Glaser, 2001, p. 176).

The central issue in a grounded theory study is "*to know what our informants' main concern is and how they seek to resolve it*" (Glaser, 2001, p. 177). The continual

resolving is “*designated by a category called the core category*” (Glaser, 2001, p. 199). Thus, grounded theory is “*a theory about a core category*” (Glaser, 2001, p. 199). Strauss (1987) allows a much more provocative, interventionist, and interrogative researcher influence over the data. Strauss’ (1987, p. 84) techniques encourage researchers to use their own personal and professional experience and acquired knowledge as a positive advantage in the grounded theory process to enhance theoretical sensitivity rather than obscuring vision: “*if you know an area, have some experience . . . you don’t tear it out of your head, you can use it*”. The methodology adopts a realist research approach which according to Fisher (2007, p. 18) recognises and comes to terms with, the subjective nature and the roles of values in the research. It puts things into categories and labels them and allows the possibility to argue about the validity of the labels.

Miles and Huberman (1994) advocate the use of qualitative quantification to count frequencies and classifying them under appropriate headings.

It was considered further that explanations and competing arguments is one of the features of realist research and inadequate explanations can be driven out by debate and testing by other researchers.

Triangulation refers to the use of different sources of data collection within one study in order to ensure that the data is telling the researcher what they think it is telling the researcher (Saunders et al, 2007). In this study the researchers own partnership organisation was examined from the contract company and the client organisation perspectives to verify that the data matched in terms of the response to the semi structures interviews.

3.3 Justification for the selected paradigm and methodology

The use of grounded theory for the methodology can be justified for the research project as a suitable means of exploring a subject area that has complex links with many managerial, business areas and with the researchers own practical experience. Easterby-Smith et al. (1993, p. 35). Sitter et al. (1997) state that grounded theory uses abstract concepts to describe and analyse a series of general phenomena, but based on practical experience.

A range of organisations were identified to participate in the research so that a rich mix of ideas and information would be covered. Public and private organisations were included, joint ventures of public and private partners, partnerships, in house payroll providers, local authorities and private business. The aim was to provide detailed insight into each organisation's payroll model to identify key areas from interview questions that may lead to understanding what direction organisations need to take to ensure the "best fit" for their organisation may be in terms of payroll. The research will use a simple and complex, methodical and creative, rigorous and laissez-faire process to generate theory from the data, (Glaser and Strauss, 1967). As the research will provide large amounts of qualitative data it is important to break this down by organising it in order to classify it (Dey 1993). To explore the classified data, coding was justified as fundamental to the research as this allows similarities and differences to be analysed creating new categories, descriptions or themes, (Padgett 1998, Patton 1992, Tutty et al. 1996).

It is important to note at this stage that both Glaser and Strauss use coding, however Strauss and Corbin (1998) move the analysis of the data to phase 2 by using Axial coding as opposed to the selective coding proposed by (Glaser 1978). Axial coding in this research project will use the dominant themes from the analysis and compare them to other categories to try to understand their relationships. Strauss and Corbin (1990) refer to validation, verification; checking and deductive thinking which could be considered inconsistent with the philosophy of emergence but this is justified by the following statement:

"While coding, we are constantly moving between inductive and deductive thinking... There is a constant interplay between proposing and checking. This back and forth movement is what makes our theory grounded!"

Strauss and Corbin (1990, p. 111)

To further justify the use of grounded theory as an appropriate methodology for the research Strauss and Corbin (1998) advocate the use of selective coding to integrate and refine theory by selecting a core category that links to the other categories.

3.4 Rejected Methods

A purely quantitative research approach was considered but rejected because of general difficulties of gaining access to multiple organisations and the time scales to generate

and analyse responses from participants to make a meaningful research project considering the restriction upon the researcher doing a part time MBA.

Action research was also rejected as according to Eden and Huxham (1996 p.75-86)

“the findings of action research result from involvement with members of an organisation over a matter which is of genuine concern to them”. This means that the researcher would have to be part of the organisation within the research is taking place (Coghlan and Brannick, 2005). The nature of this research study would not make action research practical as the study involves several organisations. Other research strategies were considered including, experiments, surveys, case studies, ethnography and archival research, Saunders et al. (2007) but all were rejected as they did not appear to allow the researcher the tools or the time to answer the research question and meet the aims.

3.5 Research Design

“Design deals primarily with aims, uses, purposes, intentions and plans” Hakim (1987, p.56)

Hakim (1987) cited by Robson (2007) stresses that by giving thought to the overall design of your project you are more likely to end up with something fit for its purpose. The design of the research project was based on a grounded theory approach (Glaser & Strauss 1967). It was designed with a qualitative approach to the data analysis.

Longitudinal studies were considered but rejected as the study would be considered more of a snapshot in time Saunders et al (2007), due to both the constraints of a part time MBA and the difficulties in obtaining access and time from the participant organisations.

The design also included an element of reviewing the reliability of the data collection techniques, Robson (2002) cited by Saunders et al (2007) poses four threats to reliability:

- Subject or participant error
- Subject or participant bias
- Observer error
- Observer bias

The key driver for the research design was built around a business need to understand if the payroll could be developed from its current capacity taking into account the current status of the joint venture partnership and need for growth of the business. The question for research was about payroll models, the design of the project was very much centred around this and the questions used to draw out information that could be compared with literature. The literature review has been continuous throughout with discovery and referral producing emergent information relevant to the research question. The selection of a sample of organisations to be included in this study was considered to be very important to ensuring a broad scope of data that could potentially emerge into a theoretical concept that would answer the research question.

Patton (1990) considers that as there are no set rules for selection of a sample size in qualitative research and that each scenario needs to be considered in context.

The organisations were selected initially on the basis that they were similar but had unique differences in their governance structures, for example a local government authority providing an in house payroll without reliance of any partner arrangement, a similar but larger local authority selected on the basis of its partnership arrangements and a private multinational organisation selected to compare and contrast against the other participants.

Five separate organisations were selected as suitable samples and one organisation providing two participants for the research based on the client and contractor perspectives of a payroll model. Eisenhardt (1989) considers that four cases should be the lower limit, since any less would create difficulty in generating theory with complexity. Hedges (1985), considers an upper limit of 12 cases taking into consideration time and costs, while (Miles and Huberman 1984) suggest 15 cases. Interviews were designed to enable the interviewer to be reminded of the main issues and topics that needed to be covered by the participant. This enabled the participant enough scope to respond in their own way, (Fisher, 2007). Interviews were non-standardised with a particular need to vary the theme of a question depending on the type of organisation, for example, questions about core competence and market position needed to be expanded to fit the understanding and context within a public organisation without private influence, whereas the private organisation was fully conversant with what the terms mean in the context of their own organisations. The concept of interviewer or interviewee bias were considered in each of the interviews and during the

analysis of data Easterby-Smith et al (2002) cited by Saunders et al (2007). The validity of the participant's knowledge and experience was balanced by the possibility of making generalisations about a larger population in the field of payroll by using the literature to support some of the data that emerged. The high level of validity that can be gained from a qualitative study is captured as follows:

“The main reason for the potential superiority of qualitative approaches for obtaining information is that the flexible and responsive interaction which is possible between interviewer and respondent allows meanings to be probed, topics to be covered from a variety of angles and questions made clear to respondents”

Sykes, (1991, p.8) cited by Saunders et al (2007)

3.6 Research procedures

The research was conducted following the formation of a set of questions for six semi-structured interviews. This was approached by identifying themes within the research and comparing those themes to academic theory to develop a conceptual pattern for payroll to adopt as best practice. The literature review was the guide to what interview questions would be needed to draw out appropriate material that could be analysed as potential gaps in payroll service delivery models. A number of themes emerged from the literature, the type of model whether it was a basic, enhanced or bespoke model, the strategic positioning of the payroll service within the organisation may be a factor in the success of the payroll delivery. In addition, the core competence and market position of the organisation could be a vital factor, which determines where payroll sits in terms of in house, bureau, outsourced, joint venture, shared service packaged or stand-alone. Other factors considered in the interview questions were size, systems, and interfaces, numbers of staff employed in the service delivery, cost, political factors, experience, product uses, leadership, direction and financial backing.

The participants were approached and supplied with the dissertation question and aims and advised that any contribution to the research would be made anonymous and confidential. Of the eight organisations approached five organisations agreed to be interviewed and one organisation agreed that two participants could be interviewed from separate parts of the partnership.

The research was carried out between January and March 2009 and fully typed up transcripts from interviews that were recorded and had notes to support them are attached at appendix 1.

Writing up interviews from the notes and then referring to the taped conversations was time consuming but gave better accuracy to the written notes as they were often illegible due to the speed at which some of the participants talked. Rather than asking those participants to repeat their answers as this would throw them off valuable information they imparted in a natural flow of conversation. In addition, the quality of the equipment for recording, using headphones was an excellent way of producing better transcripts eliminating noise and distractions, as opposed to listening to the tape recorder at full volume. The interviews were transcribed and sent to the participating organisations so that they could be checked for accuracy of the statements made.

3.7 Ethical considerations

Blumberg et al (2005:92) cited by Saunders et al (2007) define ethics as:

“the moral principles, norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others”

This research project comes from a deontological standpoint in that the ends served by the research can never justify the use of research which is unethical for example, obtaining information by deceit. It may be the case that this research has more benefit to the sponsoring organisation than the participant organisations, however there may be benefits to all given the path chosen to develop and provide better payroll business models.

Following the literature review eight organisations were sent e-mails asking if they would participate in the research. The emails included the research proposal which clarified the research aims. Interview questions were designed and sent to all participants who had agreed to be interviewed along with the assurance of privacy and anonymity. In one instance the intended participant organisation was sent a letter supported by the academic establishment involved in this research project. The

participants were informed of the full purpose of the research and the potential outcomes. Permission was also sought to use tape recordings and the researcher is fully aware of the requirements of the Data Protection Act.

3.8 Summary

Coding is at the core of the both Glaser and Strauss's (1967) method for development of grounded theory derived from the data. The conceptual framework to develop a theory of a payroll model for the future based on the force field model in chapter two Lewin (1951) and the methodology discussed in chapter three prepares for the data analysis in the following chapter. Much of the focus from grounded theory will be looking at the detailed transcript from each interview and using a "thick" or "thorough" abstraction or description associated with qualitative data. The qualitative data will be based on meanings expressed through words, collection of results of non standardised data and analysis through the use of conceptualisation Dey (1993) and Robson (2002) cited by (Saunders et al. 2007).

4 Data Analysis

4.1 Introduction

The data from the semi-structured interviews with the six participants has been analysed. The fully transcribed interviews and content open coded summaries for each are contained in appendix 1 and 2. The following analysis uses coding of themes analysis using the frameworks outlined in the previous methodology section. The transcripts from the six participants, semi-structured interviews were carefully examined for key issues resulting from the questions raised. The first two questions were chosen to gain an understanding of the participant role and the structure and size of the organisation including the model each organisation used for payroll. In question two of each transcript a diagram has been drawn to reflect the participants' view of their organisation. Questions three to five were chosen as a means of gaining valuable insight into what the organisations thought were the main attributes of a payroll model. Questions six to nine extracted information about the strategy and drivers for the organisations and questions ten and eleven were positioned from key concepts arising from competitive advantage drawn from the literature. All of the organisations were asked to provide strengths, weaknesses, opportunities and threats so that the data could

be compared to the previous questions. Finally, the key question of cost was raised for each participant.

Summary of participants' responses to all questions

The table at Appendix 3 shows a summary of recurring themes for all fifteen questions for each of the transcribed interview participants. This summary has been extracted from the open coding exercises performed for each of the interviews and a fully detailed analysis of the open coding can be seen at appendix 2. The themes that recur have been colour coded for each question to broadly fit the meanings referred to by each participant. The colouring is a means by which the researcher can reduce the large amount of data within the transcripts into manageable chunks of information that can be analysed further.

Theme Comparisons

The data from the interview summaries was then further analysed to identify key dominant themes for each question. This was done by examining the number of occurrences of each theme with the most frequently occurring being highlighted in the dominant theme column.

Fig. 5 Responses to Interview Questions - Dominant Themes

Questions	Colour Code	Occurrences	Dominant Themes
(i)	Local Govt	3	Local Govt
	Partnership	2	
	Senior	2	
	Not just transactions	2	
(ii)	Multiple systems	6	Multiple systems
	Not integrated	4	
	Large organisation	2	
	Partner	2	
	Multiple payrolls	2	
	Integrated	2	
(iii)	Accurate	3	Accurate Timely
	Timely	3	
	Minimum Cost	2	
	Paper	2	
(iv)	Automation	3	Automation
	Relationships	2	
	Integration	2	
	Self Service	2	
	Development	2	
(v)	Shared Service	3	Shared Service One Payroll

	One Payroll	3	
	Bespoke	2	
	Performance Impact	2	
	Integrated	2	
(vi)	Responsibility	4	Responsibility
	Investment	3	
	Cost savings	2	
	Management reporting	2	
(vii)	In house	2	In house Various services
	Various services	2	
(viii)	Partnerships	2	Partnerships
(ix)	People drivers	3	People drivers Customer
	Innovation	2	
	Investment	2	
	Customer	3	
	Business opportunity	2	
	Shared services	2	
	Reporting Systems	2	
(x)	Technology	4	Technology People
	People	4	
	Communications	2	
(xi)	Top in class	3	Top in class
	Partnership	2	
(xii)	Integration	4	Integration
	Innovation	3	
	Partnership	3	
	Knowledge base	3	
	Politics	2	
	Understanding Customer Needs	2	
	Investment	2	
	Reports	2	
	Reputation	2	
(xiii)	Competition	3	Competition Technology Not commercially focussed
	Not commercially focussed	3	
	Risk averse	2	
	Lack of resources	2	
	Technology	3	
	Culture	2	
(xiv)	Self service	6	Self service
	Human aspect	2	
	Technology	2	
	Best fit	2	
	Reporting	2	
	Service improvements	2	
(xv)	High Payslip cost	2	High Payslip cost Benchmark
	Benchmark	2	

Grouped Responses

To make a more rigorous analysis questions were grouped into categories and analysis of the occurrences was completed against those groups to compare the differences and similarities in the themes that arose.

Fig. 6 Grouped Responses

	Colour Code	Occurrences	Dominant Theme
Questions (i & ii)	Local Govt	3	Multiple systems/payrolls
	Partnership	4	
	Senior	2	
	Not just transactions	2	
	Multiplesystems/payrolls	8	
	Not integrated	4	
	Large organisation	2	
	Integrated	2	
Questions (iii, iv &)	Accurate	3	Integration
	Timely	3	
	Not integrated	2	
	Paper	2	
	Automation	3	
	Relationships	2	
	Integration	4	
	Self Service	2	
	Development	2	
	Shared Service	3	
	One Payroll	3	
	Bespoke	2	
	Performance Impact	2	
Questions (vi, vii, viii & ix)	Responsibility	4	Investment
	Investment	5	
	Cost savings	2	
	Management reporting	4	
	In house	2	
	Various services	2	
	Partnerships	2	
	People drivers	3	
	Innovation	2	
	Customer	3	
	Business opportunity	2	
	Shared services	2	
Question (x)	Technology	4	Technology People
	People	4	
	Communications	2	
Question (xi)	Top in class	3	Top in class
	Partnership	2	
Question (xii, xiii & xiv)	Integration	4	Self service
	Innovation	3	
	Partnership	3	
	Knowledge base	3	
	Investment	2	
	Reports	2	
	Reputation	2	
	Competition	3	
	Not commercially focussed	3	
	Risk averse	2	
	Lack of resources	2	
	Technology	5	
	Culture	2	

	Self service	6	
	Politics	2	
	Understanding Customer	2	
	Human aspect	2	
(xv)	High Payslip cost	2	High Payslip cost
	Benchmark	2	Benchmark

4.2 Findings

The purpose of this section is to organise and structure the findings from the data outlined in the previous section. The interview transcripts at appendix 1 identify the type of organisations included in the research. The findings will then be used in chapter five, conclusions, to “find out” (Fisher 2007 p.268) the meaning of the research findings and attempt to focus on answers to the research question.

4.3 Application of methodology

The broad framework of the literature review revealed three key areas of literature that emerged to form a foundation for the research; organisations and strategy, range of payroll related models available and business model strategy. The broad themes constructed from the literature to draw out information in the semi-structured interviews were used as a structure for open coding in appendix 2 (summarised in Fig. 7) as recurring and dominant themes. The relationships were analysed using the response quotes from the interviews and the coded research themes (Strauss and Corbin, 1998).

4.4 Findings for each research question

The findings are based on research data from the interview questions that will be used to answer the research question and aims. It is therefore appropriate at this stage to focus on the original aims and under each aim display the findings appropriate to each aim.

- i. To understand and investigate payroll business models
- ii. Critically evaluate my own organisation’s joint venture payroll business model
- iii. Investigate the opinions of key leaders within a range of appropriate organisations as to their payroll business models

The framework adopted from the interview questions has emerged into seven components and each one has data findings that relate to the aims. The findings have been organised to display both the data analysis from the coding exercises in section 4 and key memos and quotes from the interviews in appendix 1. The information at Fig.7 below is demonstrated to display the findings of key themes from the literature review and the emergent recurring and dominant themes from the data analysis resulting from the semi structured interviews.

Comparison of Themes

Analysis of the regularly recurring themes against the most dominant is demonstrated in Fig.7 this included a classification of the question themes.

Fig. 7 Comparison of Themes

Question Themes	Interview Questions	Recurring Themes	Dominant Themes
1 Organisation Type	Questions (i & ii)	Local Govt Multiple systems	Multiple systems/payrolls
2 Payroll Models	Questions (iii, iv & v)	Accurate Timely Automation Shared Service One Payroll	Integration
3 Strategic Drivers	Questions (vi, vii, viii & ix)	Responsibility In house Various services Partnerships People drivers Customer	Investment
4 Core Competence	Question (x)	Technology People	Technology People
5 Market Position	Question (xi)	Top in class	Top in class

6 SWOT	Question (xii, xiii & xiv)	Integration Competition Technology Not commercially focussed Self service	Self service
7 Cost	Question (xv)	High Payslip cost Benchmark	High Payslip cost Benchmark

4.5 Additional Findings

Additional findings from the data analysis and the interview transcripts are organised below following the same structure for question themes in Fig. 7 were links are made between the response and the question.

Organisation Type

In Fig.5 the most recurring theme for organisation type category was **local government** and for the structure of the organisation's **multiple systems** was the highest recurring theme out of all of the coding analysis. The least occurring themes for this category in Fig. 5 and Fig. 6 were seniority, not just transactions, large organisation and not integrated. Differences and similarities exist with the descriptions of the organisations at appendix 1 from the research findings; this can best be displayed in the following table:

Fig. 8 Payroll Organisation Scope

Participant	Public Sector	Private Sector	Partnership	Multi system	HR Based	Finance Based	In House	Service Centre	Shared Service
1	✓	✓	✓	✓	✓			✓	✓
2	✓	✓	✓	✓	✓				
3	✓			✓	✓		✓		
4	✓	✓	✓	✓	✓			✓	✓
5	✓	✓	✓	✓	✓			✓	✓
6		✓		✓	✓	✓			

Payroll Models

The data analysis provides general themes of recurring responses from the questions. When open coded themes (appendix 2) for Payroll Models Fig. 5 were analysed it was found that five general themes occurred more frequently than others:

Accurate, Timely, Automation, Shared Service and One payroll

When the questions about the payroll model were combined the findings revealed that integration was the most dominant theme. The least occurrences included paper, relationships, bespoke, self service and not integrated. The occurrences for the recurring and dominant themes were compared and in this instance the only relationship between the two could be Integration and One payroll.

Strategic Drivers

In Fig. 5 the most occurrences for strategic drivers were: **responsibility, in house, various services, partnerships, people drivers and customer**. When responses were grouped for this category **investment** was the highest occurring theme. In this area there were many themes that were outside of the dominant themes but occurred more than once including; cost savings, management reporting, in house, various services, partnerships, innovation, investment, business opportunity, shared service and reporting systems.

Core Competence

In Fig. 5 the most occurrences for core competence were: **technology and people**. When responses were grouped for this category in Fig. 6 technology and people again were the highest occurring themes. In this area the themes that were outside of the dominant themes were communications.

Market Position

In Fig. 5 the most occurrences for market position was **top in class**. When responses were grouped for this category in Fig. 6 **top in class** was also the highest occurring theme. In this area the theme that occurred least was communications. In the open

coding analysis in appendix 2 there were occurrences that were wide ranging but did not occur more than once.

SWOT

In Fig. 5 and 6, **Integration** was the most regular occurring strength with **Investment, Reports and Reputation** being the least occurring strengths. **Technology** was also listed as a high occurring dominant strength but also appeared as a high opportunity. Weaknesses were not highlighted by their frequent occurrences but there were many differences in the responses for weaknesses with two separate references **politics** being the highest occurrence.

In terms of opportunities, **Self Service** was the highest recurring theme and the most dominant of all of the SWOT responses. Regular occurring threats included, **not commercially focussed and competition**. Many other themes within the SWOT answers occurred more than once including, **investment, reports, reputation, risk averse, lack of resources, culture and human aspect**.

Cost

In Fig. 5 the most occurrences for cost were: **high payslip cost and benchmark**. In the open coding analysis in appendix 2 there were occurrences that were wide ranging but did not occur more than once.

4.6 Additional Findings Link to Aims

Fig. 9 Research Aim (i)

Figs. 9, 10 and 11 are tables of core themes extracted from the interviews that highlight areas of importance to the research question that may not have directly emerged in the coding of themes analysis. They are themes that correspond with literature in chapter 2 and will be further highlighted in the conclusions.

Question Themes	i. To understand and investigate payroll business models
Payroll Models	<i>“..you need to define payroll as not just a transactional function, it has links to IT, HR, Reporting, structure, and covers a broad area that customers want.”</i>
Strategic Drivers	<i>“The HR manager does not understand payroll and because of this he fears it and that he does not want to take that leap into the unknown”</i>
Organisation Type	<i>“I think you have to put the model into the context of the model in organisation you are dealing with, we have a traditional business that is dominated by unskilled or semi skilled manual workers and so you have to deliver an output that is appropriate for your audience”</i>
Core Competence	<i>“Core strengths are around the processing and trading of commodities, it affects the culture of the place where people are focussed on a trading type culture to squeeze as much value out of all transactions wherever possible”</i>
Market Position	<i>“In terms of experiencing other organisations including the private sector, my current organisation probably highlights the access to market forces compared to previous organisations where they have been more isolated from those market forces and where they have been more reluctant to drive better bargains with service providers”</i>
SWOT	<i>“Relationships of those involved, Oracle release 12, the shared service agenda, the potential to treble the payroll size the current payroll being developed and maintained...trying to be all things to all customers”</i>

Cost	<i>“Careful when analysing the actual payroll cost to ensure the cost benefit model is expanded to incorporate the indirect costs of operating a payroll service and to include the soft or non financial factors which can be difficult to quantify and may be better analysed in terms of improved effectiveness to the business”</i>
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Fig. 10 Research Aim (ii)

	ii. Critically evaluate my own organisations’ joint venture payroll business model
Payroll Models	<i>“No one has sat back and worked out currently or for the future what the headcount should be or the model”</i>
Strategic Drivers	<i>“we are still trying to find our way in the public, private, voluntary sector...we are taking risks at the moment in testing the water in those various sectors and this has to be done to determine how successful we are and which way we will move in the future”</i>
Organisation Type	<i>“I am not yet convinced that you cannot have a strategic element lying within the operational arm of the organisation as long as we are commissioned to do a piece of work, for example to provide information for pensions legislation, in the current set up we are best equipped to do that. We have the people in place who have the knowledge, the contacts in the background and a proper understanding of pension’s legislation; I do not think this would have to lay with the client.”</i>
Core Competence	<i>“So its people, systems and investment”</i>

Market Position	<p><i>“It is trail and error and we do need to test the market, it is a luxury to concentrate on one area and if we had concentrated on schools we may have lost out on the recent successful new business with our commercial partner.”</i></p> <p><i>“I don’t think we have yet established an actual product for payroll because at this time we are still trying to find our way in either public private, voluntary sector</i></p>
SWOT	<i>“Everyone is tied into a contract but huge opportunities exist for the Joint Venture Partner or its contracting organisation who sells and delivers the product”</i>
Cost	<i>“we are not cost effective in terms of providing value for money. Anything an everything we look at there are always ways to do things differently, to streamline things, we need to have more order and structure”</i>

Fig. 11 Research Aim (iii)

	iii. Investigate the opinions of key leaders within a range of appropriate organisations as to their payroll business models
Payroll Models	<i>“in terms of the perfect model within the context of our organisation is probably removing the interfaces and improving the management reporting that would be our perfect model because we have already achieved big efficiency gains.”</i>
Strategic Drivers	<i>“Payroll has a limited opportunity to drive strategic decisions because it is always a secondary function within an organisation rather than a primary function so it tends to sit under a finance umbrella or an HR umbrella or a hybrid of the two as in our organisation there are secondary opportunities for Finance or HR.”</i>

	<p><i>"...it can be driven by whoever has responsibility for it. But like most organisations that has to be set in a time context as in what strategic place is that organisation is in and whether the payroll systems can form part of the change process"</i></p>
Organisation Type	<p><i>"It sits within a public /private partnership with aspirations to move into a competitive market providing not only payroll but related areas."</i></p> <p><i>"its affected by the length of the contract"</i></p> <p><i>"It should be driven by Finance. From my perspective I am not really bothered"</i></p> <p><i>"all of the hardware is housed in the council"</i></p> <p><i>"internally written HR system... internally written financial system"</i></p> <p><i>"my organisation is a joint venture partnership between a large telecommunications company and a local government organisation"</i></p> <p><i>"I work for a global Public Limited Company...within the European division with the head office in the UK...payroll managed by either the finance or HR functions"</i></p> <p><i>"it would be good to have one system that feeds all, one supplier and be able to buy it in modules, these systems are around...Oracle does not work very well because they get too big or complicated.."</i></p>
Core Competence	<p><i>"its strengths continue to be in its successes to date and its experienced staff. The commercial partners own profile in the market place in terms of technical expertise"</i></p>

Market Position	<i>“as technology in the markets develop it appears that even the bigger stand alone systems are now developing into fully integrated systems in order to differentiate themselves in the market place because the cost savings that they could have historically offered clients are no longer as substantial or as transparent.”</i>
SWOT	<i>“I think the philosophy of not having face to face contact is a difficult one to accept, however I believe on a global scale the development of new technology is so vast and fast paced that we don’t have any option but to keep up with it... the avoidance of all human contact is a great pity but we will be driven by what is driven globally”</i>
Cost	<p><i>“where the revenue objectives are high but the drive for cost savings is equally strong, there is never really a clear debate on exactly how this is achievable which often leads to contradictions and conflict which is already starting to take its toll”</i></p> <p><i>“costs passed on to the customer for reports is wrong... either you offer it or you don’t... early customers are being penalised for a lack of up front development”</i></p> <p><i>“the fact that I don’t have any information immediately available to me to confirm whether it is or it isn’t speaks volumes”</i></p>

4.7 Summary

The research findings represent a mass of information which focuses generally on a framework that has emerged using grounded theory (Glaser & Strauss 1967). The findings relate to all of the research aims in terms of highlighting components. They link to understanding and investigating payroll business models and enable the researcher to critically evaluate his own organisation’s joint venture payroll business model as well as other organisation’s models. It may be difficult for the reader to determine the outcome of the findings as the coded themes may demonstrate an

incomplete picture of the findings. The additional finding through memos has been used to compliment the coded themes and have been picked out through the experience of the researcher and the through the links to the literature. For example, although relationships was least occurring within the coding it is important to point out that relationships were considered significant within the participants' responses and in the literature (Kanter, 1994) but as they fell outside the framework they were not picked up as dominant recurring coded themes.

5 Conclusions and Implications

5.1 Introduction

A payroll business model for the future? Should organisations be making HR a business priority despite the trend in that last ten years of CEO's cutting back on "run the company" to be able to drive "change the company" strategies? Meall (2009) argues that in the current economic climate HR Payroll will add value to business.

The conclusion to this study provides a potential theory that the components of a business model may be used by organisations wanting to achieve a better business model for payroll. The seven universals Fisher (2007 p.274) used in this study have been used as key factors to analyse data with grounded theory to develop emerging themes. The themes and comments from the research carried out on the participant organisations used in a force field analysis (Lewin 1951) to reduce the inhibiting factors and increase the supporting factors. The movement from position A to position B for the payroll business model will depend on the organisation's aspirations.

The purpose of this chapter is to answer the research question and meet the aims by considering the findings from the previous chapter and attempt to add to the literature review and current state of knowledge about payroll business models (Saunders et al. 2007). The concluding chapter also attempts to summarise the understanding of the processes and dynamics of payroll business models for the future from the research undertaken and the answers to the aims (Fisher 2007 p.307). Drawing conclusions *requires a creative leap by generalising one's data* (Mintzberg, 1979) cited by (Fisher, 2007 p. 309). In an attempt to draw the information together to answer the research question and aims the researcher has formed a conceptual model. The simple conclusion

is that based on the information drawn from the literature about partnership organisations and their strategies, payroll models, business supporting models that currently exist and research from a range of organisations, a better payroll business model may be formed by the use of a framework of seven key factors affecting the model.

5.2 Critical evaluation of adopted methodology

The methodology was adopted to allow themes to emerge from the data that might answer the research question. However; management research is predominantly based on deductive theory testing and positivistic research methodologies (Alvesson and Willmott, 1996). These approaches incorporate a more scientific approach with the formulation of theories and the use of large data samples to observe their validity.

Perry and Coote, (1994, p. 3) cited by Leonard and McAdam (2000) state that *“deductive theory methods in social sciences do not adequately capture the complexity and dynamism of organisational settings.”* It is suggested therefore that a methodology which inquires more deeply into payroll business model related events within the organisation is needed to enable a coherent and firmly founded set of Payroll business model theories to be elucidated. The methods used in the data analysis demonstrate that coding in grounded theory can lead to a perceived outcome which may not be the whole picture and care should be taken to analyse the findings through triangulation of literature and different participant organisations views to achieve a research project that can be justified as worthy.

5.3 Conclusions about each research aim

Research aim (i)

The first research aim was to understand payroll business models. By combining the information discovered in the literature review and research findings' summaries at Fig. 7 and Fig. 9. It is possible to understand the fundamentals of a payroll with a view to determining what a payroll business model is. Perhaps the key feature supporting the adoption of the grounded theory research approach is that gaps are evident in terms of literature directly linking into payroll business models (Dickmann 2005 p. 451-467). Crail (2006) also states it is important to consider the literature relating to the organisational design which will influence the organisation's decision to choose the payroll service business model.

Hammond (2009) points out the key objectives of a payroll department are to, be on time, produce accurate results, meet all statutory and contractual requirements, provide this in a user –friendly practical way and be cost effective. This is supported by the research findings in Fig. 7 under payroll models and in the appendices where participants quoted: *“the minimum payroll model would need to ensure employees are paid accurately and on time”* and *“accurately and on time at minimum cost.”* The research findings provided information that directs payroll to a Human Resource or Finance setting within organisation: *“Payroll will need input from HR, Payroll can still run on its own but will still need some HR input. Payroll was formerly with the finance department”* The literature on the determination of where the payroll model sits is supported by (Dickmann 2005 p.464) changing an organisations governance structure relating to payroll will affect error rates, the quality of the service and the flexibility of the firm’s management to modify processes and outcomes. There are strong situational factors that constrain the decision. The organisation’s historical development, the politics of the organisation and the operational pressures influence any outsourcing decision.

The understanding of payroll business models has emerged from the research with participant’s responses including the definition of the model being more than just payroll transactions with it being linked to *“... IT, HR, Reporting, structure, and covers a broad area that customers want.”* Dickmann (2005 pp 451-67) states there is a need to shed light into the “black box” of payroll, to understand the multiplicity of activities within payroll and to identify key processes. The emergent factors from the open coding research analysis revealed the following dominant factors under the payroll model category including **Accurate, Timely, Automation, Shared Service and One payroll.**

The most dominant theme under payroll models was integration. Both integration and one payroll themes are supported by Brown (2006) within the literature. An understanding of payroll business models can be drawn from an analysis of the diagrams of the payroll model for each organisation in appendix one. The payroll models for the participant organisations range from being based on a stand alone payroll system with no integration to a fully integrated HR and Payroll system but each has multi system links. For instance participant 3 in appendix 1 has a payroll system and this is linked through interfaces with many other systems including HR, Finance,

Schools, Security, Telephone, Weekly paid claims and BACS Other participants payroll models are developing links to Training and Time Attendance modules. The point here is that payroll is fast becoming many things to many customers and service users. The participant responses reinforce the understanding of payroll business models as more than a single purpose transactional function as follows:

“Relationships of those involved, Oracle release 12, the shared service agenda, the potential to treble the payroll size the current payroll being developed and maintained...trying to be all things to all customers”

“Lets define payroll, if you want someone simply to produce an itemised payroll and put the money in the bank that would be easy for the private sector orgs like the banks etc. But payroll for me is just a name we give for the people who gather all of the data around employees that we need. In that sense there is a strategic role, it is not like this at the moment and that is probably because of relationship issues.

Summary of Research Aim (i)

In summary the payroll business model has been explored by using the framework of universals presented in the analysis and findings. The understanding of the elements of a payroll business model depends on the organisation type and its aspirations and needs. In this aim the 7 universals and the model from this research depict a direction for organisations to achieve following further research and force field analysis. The model chosen could be based on Hammond (2009) or Brown (2006). Both authors highlight a diverse range of models available for organisations including; In-house, Stand Alone, Packaged, Bureau, Outsourced, Enterprise Resource Planning, Centralised and shared services. The context in which payroll is considered will determine where it may end up in the organisation, it may be a strategic driver for the organisation and reveal that technology and people aspects of core competence and market position support a competitive advantage for the organisation. Alternatively the focus may be on cost and purely a transactional view of payroll (Dickmann 2005) in which case outsourcing may determine the fate of the payroll business model.

Research aim (ii)

How does the research answer the second aim which is the critical analysis of the researchers own organisations payroll model? There are positive and negative issues

with the adopted model emerging from the research. The negative issues include three main areas Costs, Organisation and Product. The participants highlighted that the researchers own organisation model was not cost effective with high payslip costs and the need to benchmark being an area that needs attention because of the high payslip cost. The organisation suffers from having multiple systems which contribute to increased cost and complications with the product offering “...we will end up jack of all trades and master of none in terms of trying to be all things to all customers. There are too many niches.” The organisation also may be affected by relationships, the model sits within a joint venture partnership that has now reached a critical point in time for partnerships according to a McKinsey study, “No organization is forever. The average joint venture lasts seven years, according to a McKinsey study, with almost 80 percent ending up in a sale to one of the partners” (Bamford 2003). Similar points have emerged within the research in Fig.10 and the interview transcripts in appendix 1 “All of this is about relationships and both the client and contractor could do a lot more. Is it a Joint Venture or is the contractor something else?”

“I am not yet convinced that you cannot have a strategic element lying within the operational arm of the organisation as long as we are commissioned to do a piece of work, for example to provide information for pensions legislation, in the current set up we are best equipped to do that. We have the people in place who have the knowledge, the contacts in the background and a proper understanding of pension’s legislation; I do not think this would have to lay with the client.” There is evidence that relationship breakdowns have impact on partnerships. Anslinger (1994) talks about a “clash of cultures” whilst (Kanter 1994) states *Relations between companies begin, grow, and develop – or fail – in ways similar to relationships between people.*”

The product for this organisation is based on a self service payroll but this has been eroded since the start of the contract and some customers don’t want a fully automated offering, there are references in the appendices to the human element of the product offering and the issue of providing services to the specific market “No one has sat back and worked out currently or for the future what the headcount should be or the model” and “I don’t think we have yet established an actual product for payroll because at this time we are still trying to find our way in either public private, voluntary sector”. The original client contractor model for this organisation was a self service Oracle system supported by an intranet site with guidance for managers underpinned by back office

functions for HR and Payroll. Participant 1 question (ii) in appendix 1 shows the model that serves the main client and has been in place from the start of the contract.

Participant 4, question (ii) in appendix 1 shows has that model has emerged due to the different customers requirements with the introduction of a golden number instead of a call centre and the removal of the intranet. *“I am not entirely convinced about the satisfaction customers have to a service model where we have a front desk service centre by which they can contact their payroll provider, a lot of customers would like the direct contact and is demonstrated where we have golden numbers for some of our customers.”*

The problems encountered by trying to be all things to all customers create cost implications. Participant 4 states *“Competition and too much diversification, we will end up jack of all trades and master of non in terms of trying to be all things to all customers. There are too many niches.”*

The positive areas of this organisations model fall into three main areas, Strategic direction, core competence and strengths from the SWOT analysis. The commercial partner investment is a major influence on the success of the model, the ability to invest into a multi-million pound system may affect the core competence of the company which according to the research is the technological platform and the people. The partnership ability to attract and retain key professional individuals is a major strength. The product innovation through the development of self service provides an offering that is intended to be hard to match in the market place which can be compared to the Paychex model in the search for competitive advantage (Leavy, 2003).

Summary of research aim (ii)

In summary the positive and negative aspects of this organisations model described above can be compared to the framework in Fig. 13 and highlighted as potential areas needing further analysis and attention to strengthen the future model.

Research aim (iii)

The final research aim looks at all of the organisations in this research and identifies differences and similarities between the organisations that can be included in an analysis

of a possible common model for payroll. Using the 7 universal components or key factors to analyse the opinions of key leaders in other organisations there is a myriad of components emerging. The components at Fig.7 are dominant themes emerging from all of the participants but it is important to conclude that the organisations differ in their outlook towards payroll. Participant 6 is a private organisation whose core competence is commercial trading and the product is recycling. The payroll is seen as a secondary function supporting the business. However this organisation recognises some aspects of the payroll model that could enhance their business model. For example they also have multiple systems, there is a need to integrate with the HR system and they have a need for better management reporting. Participant 2 is a newly formed partnership where payroll is not cost effective at present but the investment potential is there to develop the model. Participant 3 is a local authority with no commercial partner links, they have the aspirations of creating one payroll for all systems, integrating with HR and developing self service with a view to providing shared services for other organisations. The organisations have their own views about payroll, the literature points to the different direction organisations decide for payroll, outsourcing can be seen as enabling the organisation to concentrate on the non transactional issues (Dickmann 2005). However the research has shown that outsourcing can be seen as a fad and a false economy: *"you are really only going to outsource if there is something broken or you are forced to...the idea of a cost saving is a false economy...it is a fashion."* Shared services are given much credence in the literature Wang (2007) argues that Shared Services have been widely spread amongst the private and public sector over the last decade. Shared service standardises and consolidates common functions across multiple organisations to focus on reducing duplication and increasing knowledge. It compels organisations through new business sourcing strategies to think about radical organisational redesign (Rison, 2005).

Shared services for payroll can be interpreted as sharing the system across organisations so that maximum cost saving are realised and knowledge base is widened. Further analysis of the model in Fig. 13 is needed to determine if the organisations that advocated the use of shared service within the research are convinced this is the route for them. Shared service can be viewed as another payroll model service offering that customers can buy and organisations selling their service can reap benefits.

Summary of research aim (iii)

Much of the evidence in this research points towards internal and partnership models with the organisations having aspirations to develop their own payroll models with a view to offering the product to external customers, sharing the product with neighbours or developing their in house model. In much the same way as the previous aims the conclusions point towards the need for further analysis of the model through the use of the theoretical model at Fig.13. Organisations that differ in size, market sector and product offering may wish to analyse the model to determine if enhancements can be achieved.

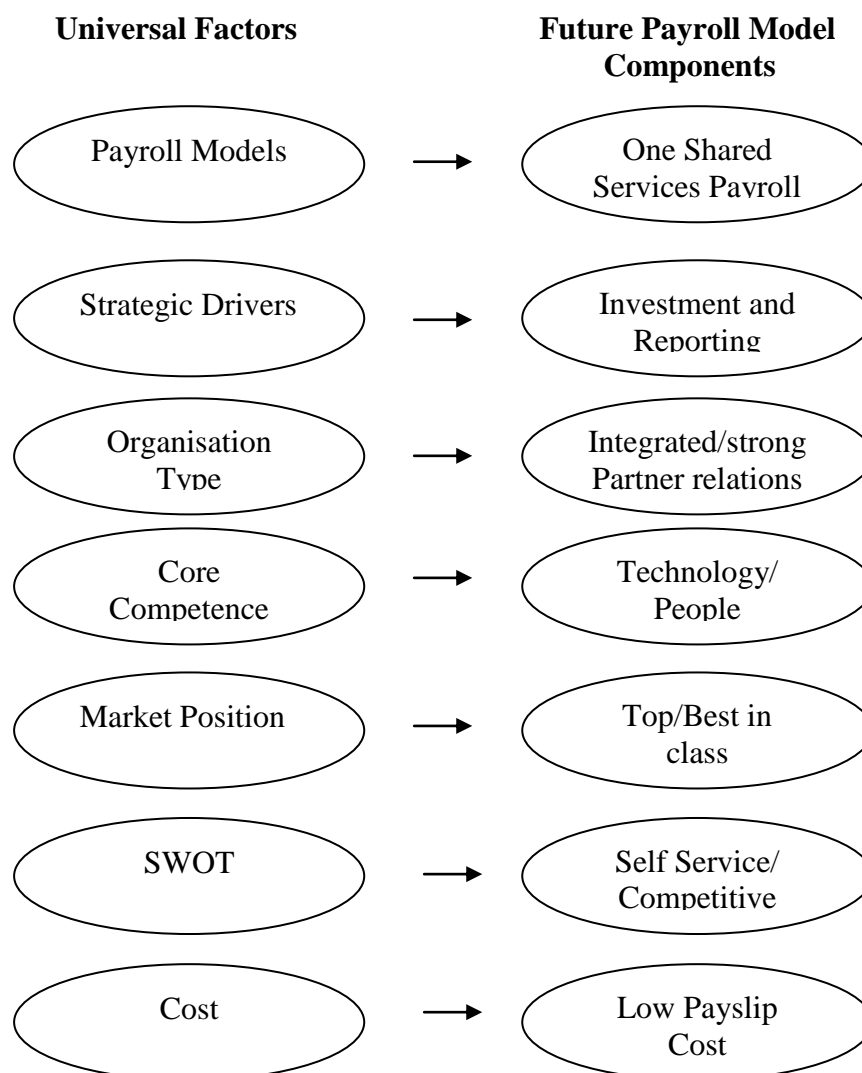
5.4 Conclusions about the research aims

The universals should be seen as a platform for an organisation to begin its strategic thinking on where it wants to be. Brown (2006) believes organisations should consider adopting a “*one payroll*” approach and there are really only three basic models to consider, centralisation, business process outsourcing and shared services. In the context of this research the dominant themes reflected in Fig.7 emerged from the 5 separate types of organisation. Organisation type in Fig. 7 produced an emerging theme from all of the organisations that multiple systems were prevalent throughout their organisations. The need to move away from multiple systems and to rationalise to fewer or one system was a concern raised by all participants

The study findings are supported in the literature review with the example of Paychex. Paychex is an American company offering low cost payroll to small businesses and by shifting its focus from what it provides to how it provides payroll through business model innovations the company was able to increase its profitability from 9% of sales in 1989 to 28% in 2002, (Mitchell 2003 pp.15-21). The example of Paychex shows that providing continued advantages in their innovative payroll model allowed sustained substantial growth due to little competitive innovation. This can be linked to the research findings in Fig.7 Question theme 7 - Cost, where the dominant theme was **high payslip cost** and Question themes 4 - Core competence and 5 - Market position (which can be linked to competitive advantage of a company) were **technology and top in class** are could be construed as innovative characteristics of a payroll model. Linking this to a theory of reducing the inhibiting factors in force field analysis could conceptually be an argument for a better payroll business model.

Fig.12 is a theory that the 7 universals or key factors can be used by an organisation wanting to explore how it can improve or change its payroll business model. As a development of the conceptual model in Fig. 4, the revised model is populated with outcomes from the research data specifically discussed in the conclusions to each research aim above. The future payroll business model is now displayed as a set of components that have emerged from the analysis of the literature and the data that has emerged from the participants. It is important to note that the emerged components have been adapted from the participant responses and backed up by the literature. For example, payroll models ideal position is the opposite of multiple systems bringing out a one payroll for many systems that can be shared. This has dependencies including affection costs both for installation but eventually for reducing the payslip/cost of payroll.

Fig. 12 Revised Conceptual Model – Future Payroll Business Model



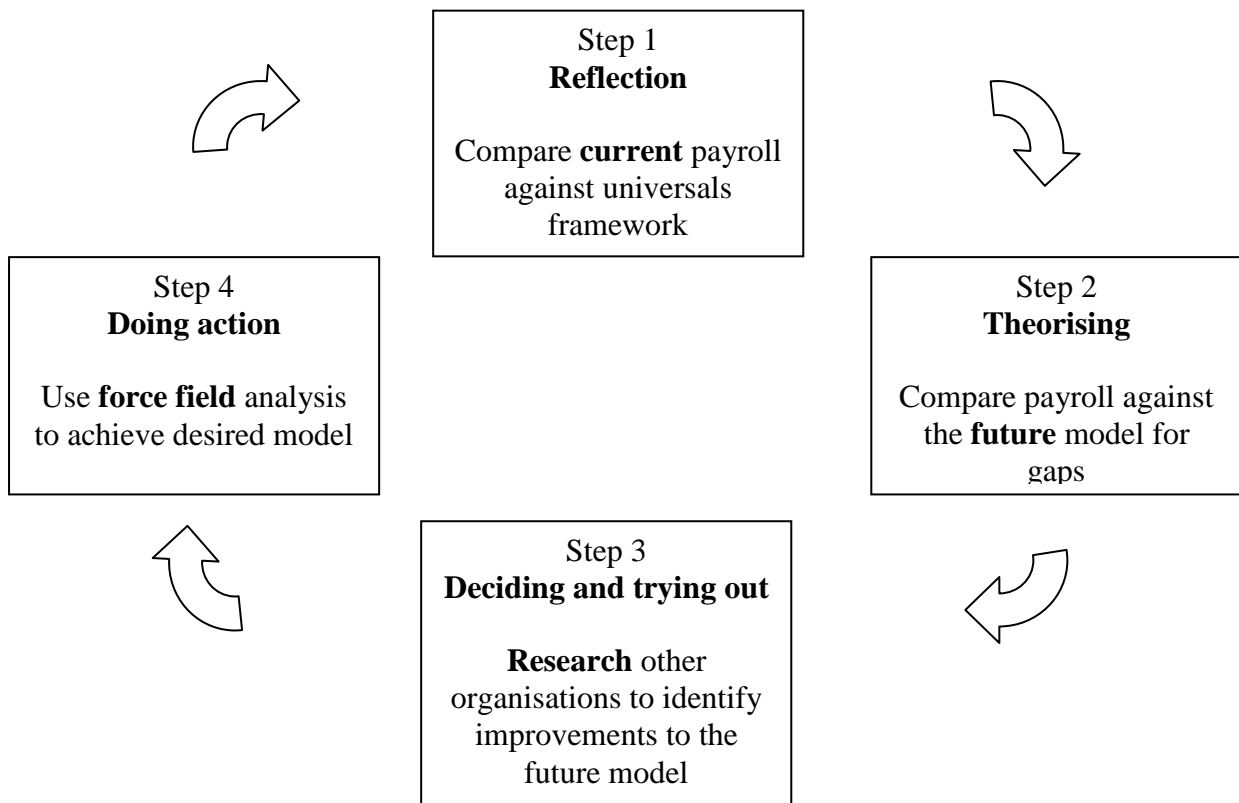
5.5 Limitations of the study

This research study is limited in that further research and discussion is needed to explore the benefits and pitfalls of the model at Fig.12. The sample size and limits of time are factors that affect the strength of this project. The size of the sample can affect the statistics produced, an extremely small sample of data may not reveal a significant tested result, conversely a very large sample could make less obvious relationships and differences seem significant (Anderson 2003) cited by (Fisher 2007). Dialectical analysis has to be borne in mind when looking at the data that has neatly fitted into the future model (Fisher 2007). An example of this maybe the ideal future payroll model could be undermined by the practical application of being best in class in terms of the framework component market position. How can best in class be measured and maintained? Does this threaten the model concept in that this may not be achievable until all of the other components are in place? A synthesis of this may be that it does not matter because perfection can never be achieved because the model is always changing due to customer needs and market forces. The aim is to achieve a better model and attention to the universals and the outcome of the four step cycle is unlikely to have an adverse effect.

5.6 Opportunities for further research

To develop the model at Fig.12 into a practical tool for organisations wanting to improve their existing models a cyclical continuous process is proposed which is similar to a learning cycle (Kolb, 1974). Fig. 13 shows that the model starting point at step one is for organisations to compare their current payroll model against the framework in Fig. 12 to identify their own key components (reflection). The second part of the cycle is to include an element of (theorising) to determine the gaps and the counter dependencies of the seven point framework. The third part of the cycle involves an element of research of other organisations to maintain the competitive advantage (deciding and trying out). This can also be seen as a form of market research essential to maintain the “best in class” position in the market. The fourth part of the cycle involves force field analysis (doing).

Fig. 13 Future Payroll Business Model – Four Steps Continuous Cycle



The organisation at point A in Figure 4 must do research to ensure that the organisation is competing and keeping up with the market trends and competitive innovations. The research must include analysis of the 7 universals against own and other organisations. Key emerging themes can be grouped and then used in the force field to change or move the organisation to the desired position B. The process of the force field work on the emerged components will focus on the needs of the organisation. For example, participant 3 in the research has a payroll system that may be considered finite, at some point the organisation may want to consider investing in a modern system that caters for the multiple system interfaces currently employed. To do this they may consider force field on the investment category by removing the inhibiting factor of limited local authority finances to the supporting factor of introducing a partner with the capacity to invest. This can also potentially have a knock on effect on the other areas of the universal categories by driving down costs due to economies of scale and increasing competitive advantage by technological innovation similar to the example of Paychex in the literature. The theory proposes that the process must be continued on a regular cycle

to be effective, this is because of the changes in the economy, the market and technological advances.

An example of this analysis is demonstrated in Fig.14 however it is not an aim of this research project to discuss in detail the method by which the desired factors for a future payroll model can be achieved. Fig.14 can be improved to display the scale of the factors to determine how much effort is needed to make changes or sustain a positive position.

Fig. 14 Force Field Analysis -Towards Position B

Inhibiting Factors	Business Model Components	Supporting Factors
Not Integrated Internal services Multiple Payrolls Single organisation	Payroll Models	Integrated Shared Service One Payroll Partnership
Lack of Investment Poor Management Reporting	Strategic Drivers	Investment Good Management Reporting
Multiple Systems Not Integrated Local Government	Organisation Type	Single system Integrated system Public/Private Partnership
Limited Access to Technology Limited People Expertise Poor Communications	Core Competence	Technology People Communications
No Market Position	Market Position	Top in Class

Manual Payroll Not Integrated Not Commercially Focused	SWOT	Self Service Integration Competitive
High Payslip Cost Costs unknown	Cost	Benchmarking

6 Recommendations

The researcher started this project with a business need to improve the payroll delivery model. The reality is that payroll can be viewed as much more than a transaction based overhead to organisations and the research has pointed towards the need for a framework and cyclical model to make those improvements.

There are three recommendations that follow this research;

1. More research must be performed due to the small size of the sample and the limited timescales and resources available. Although the success story of Paychex is an example of competitive advantage gained by a payroll business model change, Markham (2004) makes the point about making change in HR as a result of keeping pace with technology rather than a being a key part of any plan or framework for change. Markham (2004) goes on to add that what HR functions are failing to do in their haste is to look closely at how their business operates, and to identify what needs to change to allow self-service HR to be implemented successfully. Typically, these changes are extensive and affect not just how HR carries out work, but also how managers manage, and even how other separate functions including payroll and finance engage with employees.
2. The recommendation for more research may achieve a confirmation of the results of this dissertation and the researcher recommends that this is followed up with force field analysis and action on the resulting supporting and inhibiting components to achieve the desired change. This work must be a continuous

cycle performed by the organisation to ensure the payroll business model evolves and changes with the market forces over time.

3. Market research is adopted as a regular activity for the organisation to determine what customer expectations are. This recommendation can be linked to the example of Paychex (Mitchell 2003) which shows that providing continued advantages in their innovative payroll model provided sustained substantial growth due to little competitive innovation. As payroll tenders are considered, the key aspects of customers requirements can be formulated into strategy for adopting the market position that has competitive advantages over other organisations. The organisation must keep itself informed of the market trends for payroll and its environment and business framework.

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Research Interview Transcripts

Transcript 1

12/1/2009 & 24/2/09

Participant 1- Local Authority Client

Pre interview information questions

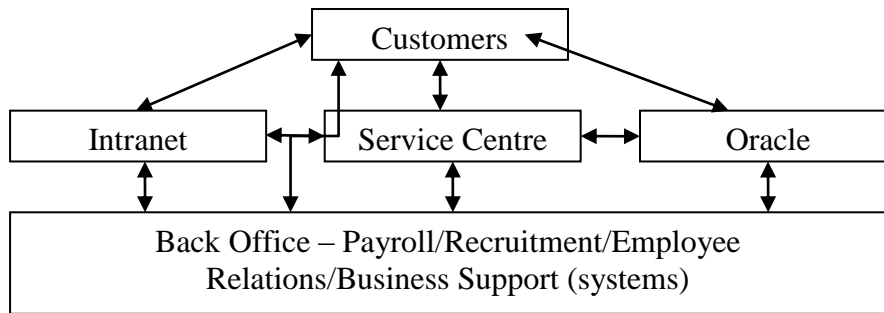
- i) Please describe your organisation and your role in connection with payroll?

My current role is interim client officer for the Human Resource and Payroll service for the joint venture contract I have a relationship with the Merseyside Shared Service Group, responsible for looking ahead to the future of local authorities from a shared service perspective. I also have a role in promoting Executive recruitment

- ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payments?

*This payroll for this organisation includes 16500 fte staff 8000 through traditional LA services and 9000 in schools
The payroll IT platform is an Integrated Human Resource and Payroll System using Oracle version r12 on a Solaris database, the pay frequencies are monthly and the payroll function is located centrally with self service access provided to the majority of employees. The main partner for the payroll model comes from the formation of a Joint Venture with a prominent telecommunications organisation and the local authority, this has a prescribed 80/20 split on profit returned and promotes through the contract innovation and development of services through new business customers. The payroll and pensions operation is staffed initially with 34 fte employees seconded to the joint venture company. The payroll team and system is supported and enhanced through a systems support team, a service centre dealing with first point of contact calls, a recruitment and employee relations team and an intranet site. Bacs payments processing is managed through two routes, 1. internal bacs. 2. external via a third party Bacs software solution. Finance is managed outside of the Joint Venture Company and interfaces are built to supply Oracle to SAP payroll information. Overpayments and third party payments are dealt with via the internal non JV system and externally via external customers finance systems.*

The model shown below describes the HR and Payroll model.



Interview Questions

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?

Payroll is efficiently run, 99.9% of transactions delivered on time and accurately. Sadly a perception exists that the current payroll provide and particularly with schools and managers that when you need help you pay through the nose for it. Whether its payroll or joint ventures its about how you deal with this perception. A specific example may be the incident that happened this weekend with schools, there was a potential to take on 400 new starters. Would the contractor have charged for this. When the chips are down you need to have the contractor behind you, this does not reflect on the 99.9%.

2. How could the payroll model be enhanced?

Structure – individual contact is most important. The Service Centre give another name for contact for discussing day to day matters. Who do you speak to and how quickly if something goes wrong? The relationship the JV has with schools is an issue especially surrounding reputation if we get the price wrong. How do you influence the service if you don't control the price?

3. How would describe the perfect model for payroll?

This should be driven by finance! The Executive Director has a big influence on the contract. Pay people accurately and on time, the benefit of having payroll online is having the reports available. From my perspective I am not really bothered, you are reducing paper as an example and you continue to enhance the payroll. The real interest comes when impact becomes political, need to look at the touchy feely issues as it already an implied term to pay accurately. Not to say we will pay you later. If something is right it needs to be done

JV devolves to host of expertise. HR strategy assumption of confidence in the supplier. Challenge is that if the supplier is doing that challenging back or affecting the customer.

Exercises that decrease the efficiency – look at the payslip example where distribution and paper v electronic is an issue

4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc. How does your organisation provide payroll services?

Comes from the contract and expertise from the contractor

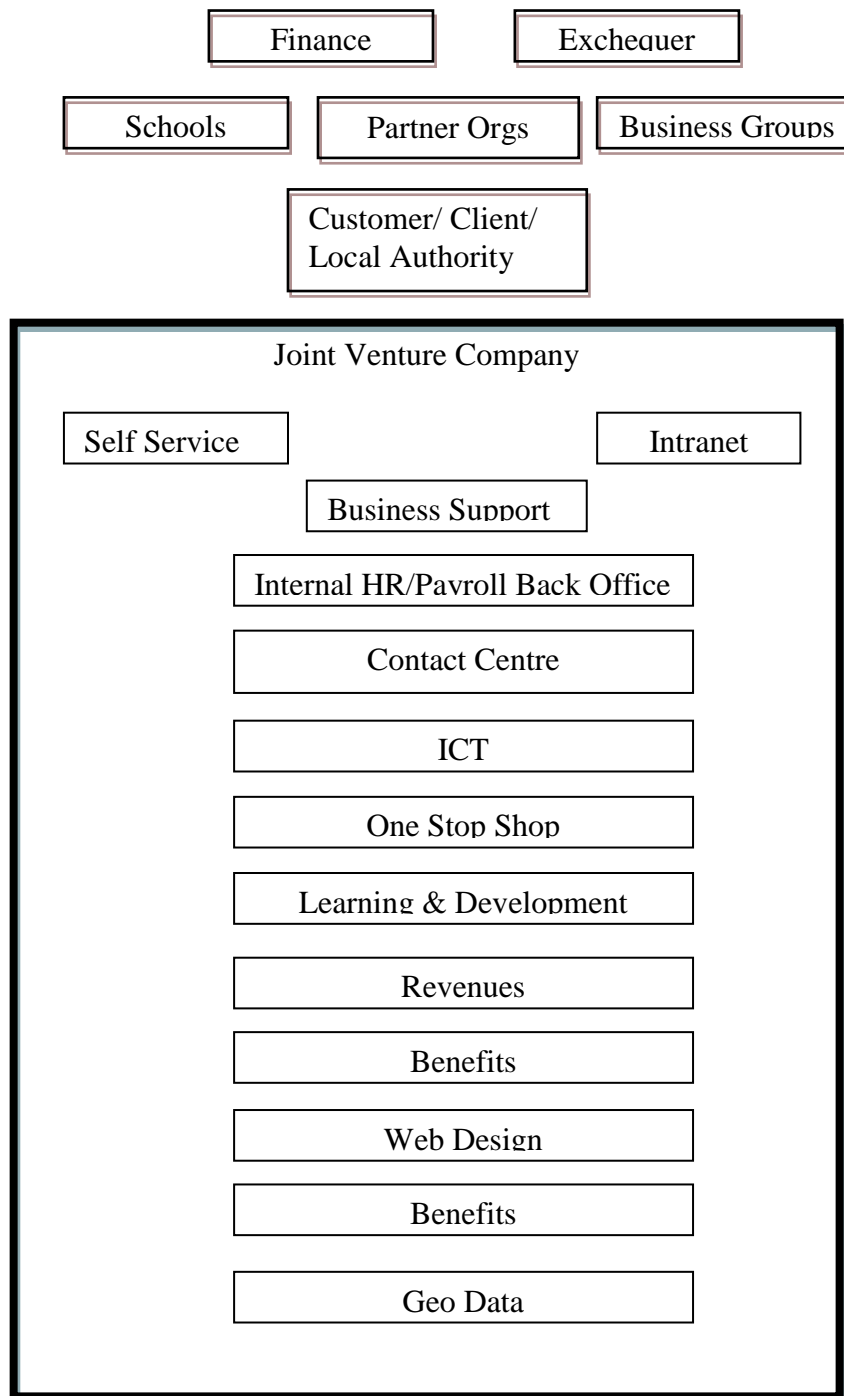
If you did not have the JV would you have control?

Yes, but with control comes responsibility, dedicated secondees spot issues

5. How does your organisation provide payroll services?

The payroll service here is part of a whole model for HR and Payroll linking into other services within the organisation. It sits within a public /private partnership with aspirations to move into a competitive market providing not only payroll but related areas. As I have said you need to define payroll as not just a transactional function, it has links to IT, HR, Reporting, structure, and covers a broad area that customers want. They don't want to be asking for information from several sources or having to use several systems or paying for additional reports that they forgot to specify in the original contract.

6. Can you describe the structure?



7. How is the model driven in terms of vision and leadership/direction?

Part answer is the contractor and the offering to the council its affected by the length of the contract 2017! At the beginning of the contract new innovation and investment is great. Along the way change is spotted and the ability to go elsewhere will put more pressure on the contractor to deliver towards the end of the contract when the client can have more confidence about what it will get out of any new arrangements. The way forward may be via Oracle and moving down the route of shared service. Everyone is tied into a contract but huge opportunities exist for the Joint Venture Partner or its contracting organisation who sells and delivers the product

8. What is your organisations key strength/core competence?

It's about what Oracle can deliver! Its not there yet! Deliver access to managers! The visions and aims of the organisation are there for all to see regardless of the joint venture company. Communications between managers!

9. What would you say your organisations current market position is?

Performance is 99.9% success rate, this does not need to be changed and does not matter who provides the extra value. Industry benchmark – what do you get for the extra 0.01%. What do we want to do as a payroll service, Merseyside Shared Service Partnership may have a say in this. Also what do we want to do with the payroll service as part of our contract corporately? The answer relates to the 68 Business Units they are going to rely on accuracy and updated information for forecasting purposes that's got to come from Oracle. Talk about payroll and what we understand payroll to mean a host of other pieces of information. The same as true of other areas of work in the Workforce Strategy at a high level and the Corporate people Development Plan which will rely on data from Oracle. Children and young people strategy has no data and needs some, it needs gathering in a way that it can be compared across partners like the health service and be used by other parties, e.g. Police, etc. Can all payroll applications capable of producing the same information in a way that it can be compared. Take that as an extension because there are sub regional agencies organisations the capacity for innovative change to react to the market needs whether the market is the corporate body, the business units or the collection of local authorities in the city region or the 22 in the north west can it respond and can it lead. 1st question is basic and the second is where does the council want to be. If the council wants to lead in the shared service partnership, what does it offer the other 5 councils particularly because Wirral already leads on the pension fund, does it offer a better option, is it cheaper, does it bring a better economic proposal or other things other than being cheap. Don't know where payroll is positioned in the market as I don't know what others provide so don't know what payrolls market position is. Firstly, for the council to consider it is currently under a contract and will have to endure for a while In terms of the region the considerations need to be held now will need to be planning ahead for opportunity for longer term discussions and what else it brings. Discussions around how we gather data Oracle may be the vehicle to have the discussion around. Performance monitoring, all authorities have similar but different systems the opportunity is to plan on the long term to decide on the system. They have one in NHS and in Knowsley but they have looked to the private sector for theirs in terms of the wider North West the maximum market.

10. What's your view of your organisations model

- a. What are the key success factors/strengths weaknesses attributable to your model?

Strengths/weaknesses

Financial backing of the partner to fund innovative change, a weakness may be that the client appears towards the end of the contract relies on the profit at the end that they are getting less getting the same service but with less people great

in the first term and dire towards the end. In actual fact we are getting a great service with less people. If the offer is so good then why have all our schools walked away? You might say actually we don't we control the price and I would say why not? If the service in itself is a strength and you know what the price is then why isn't the contract to schools based on that? The price could be increased for those schools that have gone! And if we are to lead in the future we need to have the schools back. It's a glaring omission in your CV when you are trying to sell yourself and most of your secondary schools are not with you. I can't understand why primary schools have done this but secondary schools will have done it to make a point to us. But I don't think it was all to do with cost, a lot was to do with reputation, the initial business like reaction to the contract with schools who were used to something different, a big turn off was we can't give you a named person. In a sense it's hard to believe that's how it works in the private sector. Most companies we have an account manager and schools welcome that. I would like a strength to be – it's easy to produce statutory reports/surveys/management reports, especially with the schools workforce census coming. We should be able to generate all of this out of the system but we can't!

The information is important to us if we want to lead in the future.

- b. What doesn't work well/ what are the threats?

Threats

Client can challenge the contractor and this builds up bureaucracy around the client who could use the resources elsewhere. I think there is a waste a lot of money on client roles.

- c. What are the key opportunities/ improvements to the payroll service you may have planned?

Opportunities

There is an opportunity to support the statistical information and reporting to companies, we could have a much wider service. Opportunity to take on private sector as well, reporting on regional figures.

Lets define payroll, if you want someone simply to produce an itemised payroll and put the money in the bank that would be easy for the private sector orgs like the banks etc. But payroll for me is just a name we give for the people who gather all of the data around employees that we need. In that sense there is a strategic role, it is not like this at the moment and that is probably because of relationship issues. There are people working on this and there is only so far you can go before this can be translated into a contract again and I don't know if this organisation knows what information it wants on an ongoing basis and if it wants to pay for it.

Training packages, other orgs have links to payroll and will have reports, links to statistics and a performance management framework. Built into the system are the job competencies all the notes for individuals are done online, they don't have to be written in one go, you can save and go back to it and the whole exercise comes together with the manager and at the end of it you have a whole electronic exchange that gives you the opportunity to press a button and get

results. You get a programme of training events for a whole department. There are lots things that can be done. Need the infrastructure in place that would deal with all the needs and the next contract is crucial. We need to move away from the loose talk about profits because that affects reputation. Also need to use the Oracle user group more. How does the contractor get a better reputation? It is only a localised issue but perceptions can be dangerous. The client should see improvements to the system on the back of new business that the contractor picks up.

11. Is the current payroll service cost effective?

I don't know what it costs and I don't know what we are comparing it against. Am I interested? no in terms of the basic issue of money in the bank once a month or itemised pay scales, electronic or paper because there are very few issues, very few mistakes. If you look at in the broader sense is it cost effective? The answer probably is its capable of doing a lot more and the question is how much more do you have to pay to get those extra benefits. So the cost effectiveness is about the extra stuff rather than the existing. All of this is about relationships and both the client and contractor could do a lot more. Is it a Joint Venture or is the contractor or something else?

Interview transcript 2

16/1/2009

Participant 2 - Local Authority – Partnership Client

Pre interview information questions

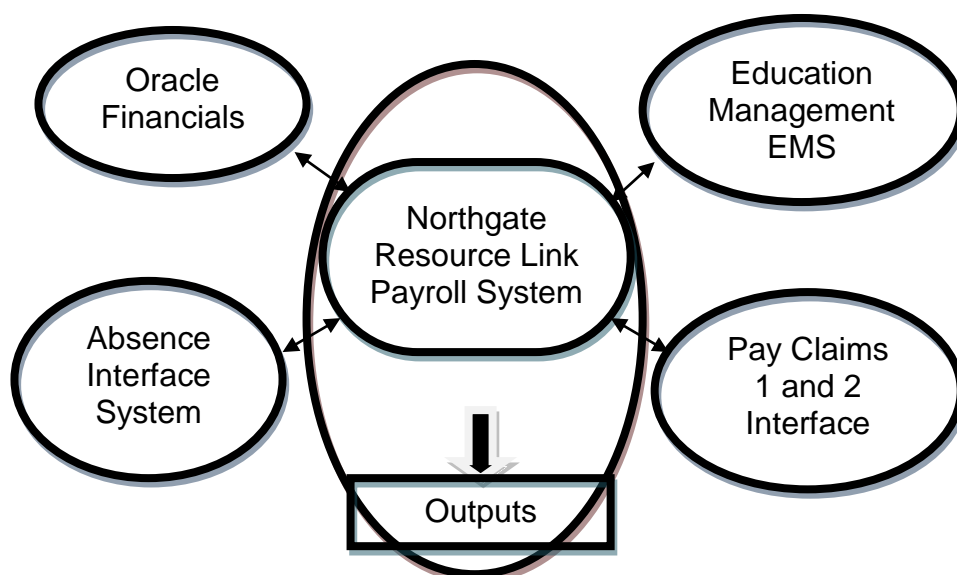
i) Please describe your organisation and your role in connection with payroll?

I have been employed for this organisation for 26 years. Currently I am employed as the Commissioning Officer for the Partnership arrangement we have with Avarto. Prior to the contract I was the Payroll Operations Manager, My role involves a management control of the contract with Avarto, including establishment controls, management information including having separate teams for the client and the contractor. Payroll is linked into so many things we need a channel into Avarto payroll, its not just about transactions.

ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payments?

There are 12500 employees on the payroll, 620 pensioners for teacher's pensions, 2 on the Local government pension's payroll, 69 councillors, 18 children's payments for children in care (pocket money) – this is because payroll system is the only system in this organisation that can pay the children on time. We also have one external customer with 561 on the payroll as a result of a TUPE arrangement. The model employed is a partnership arrangement where the services (operations) for HR, Payroll and Pensions and other services have been transferred under a TUPE arrangement to the partner organisation. A specification of requirements was drawn up for the partner organisation to provide HR and payroll services, a range of specified statutory and non statutory reports, key performance indicators, change control with the aim of improving the quality, implementing continuous improvement plans and commitments to provide 200 jobs in the local area over the 10 year term of the contract. In addition there is a commitment to streamline the HR and payroll service and bring in new customers. The payroll system is Northgate and this system was already in place since 2004, however the contract to maintain this with Northgate is due to expire in 2009. The team consists of payroll and pensions 26 and HR transactional 2.

The model for payroll operations and related systems is described below



There are four other systems that feed into the HR and Payroll system, EMS is the link to schools data, pay claims 1 and 2 is a feeder system which provides weekly pay information on overtime and sickness for catering and cleaning staff, an absence feeder system and Oracle financials. We pay all via internal BACS processes apart from third parties who are paid via cheque. We are not a bureau but know that Avarto have this capability and will transform payment transactions for us.

Debtor's recovery is currently performed by Avarto with the transfer to the contractor of this area.

Services for Payroll are located within Bootle and are considered an issue in terms of cost and prime location.

Interview Questions

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?

The minimum payroll model would need to ensure employees are paid accurately and on time. Payroll will need input from HR. Payroll can still run on its own but will still need some HR input. Payroll was formerly with the finance department

2. How could this be enhanced?

More automation of basic functions, reduce paper transactions, provide better audit trails, easier systems for staff to make claims for pay, more access to the system for managers and employees, e.g. to access system to view if a claim has been received. In the partnership model we want access for the client to view and monitor the contract deliverables

3. How would describe the perfect model for payroll?

A system that is adjusted for our needs, this can come from the partnership as the Partner rather than the council has money to invest. Shared services to reduce payroll costs – create one payroll. Councils need to protect themselves in the event of Job evaluation costs. The Shared service option allows more heads to deal with problems and issues. HR do have an impact on payroll performance and viewed payroll in the sense of “sorting them out”. Soon became clear that issues/ blockages were from the managers and employees submitting information. Unions had an influence on payroll

4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.

Payroll has an impact on the council's budget. Payroll has been involved in proposals to save money. Schools want to leave the payroll service in search of savings and quality

5. How does your organisation provide payroll services?

Go to ii

6. Can you describe the structure?

Go to ii

7. How is the model driven in terms of vision and leadership/direction?

Transaction, knowledge, tasked Avarto with streamlining the service. Workshops on how processes are done, e.g. change of hours letter, email solutions and reducing paper to create sustainability of payroll for the future, for Avarto to create new business opportunities, a very small % return for the council, the council is not actively looking for new business.

8. What is your organisations key strength/core competence?

The strength of leadership and direction

9. What would you say your organisations current market position is?

The Partnership puts the council payroll service in a key market position

10. What's your view of your organisations model

a. What are the key success factors/strengths attributable to your model?

The funding and investment that comes from the partnership. Also new innovations and staff feel valued

b. What doesn't work well/ what are the threats?

If the partnership fails, needs good working relationships, people are important here. Previous experiences on CCT was not good

c. What are the key opportunities/ improvements to the payroll service you may have planned?

*Continuous improvements look at the system and if it is being used in the best way, identify and overcome set up issues, improve service to schools and corporate customers
Introduce a front end recruitment package,
on line expenses reduce paper trail*

11. Is the current payroll service cost effective?

*Unsure – key Price of payslip has been looked at but was quite high, for schools it was based on pupil numbers,, schools don't think we are, may not be competitive. The answer is to invest to save money that's why we have gone with the Partnership
"payroll is like the sun, it comes up every day....."*

Interview Transcript 3

30/01/2009

Participant 3 – Local Authority Internal Payroll

Pre interview information questions

- i) Please describe your organisation and your role in connection with payroll?

A local government metropolitan council dealing with key areas Education, Social Services, Adults, Children, Maintenance and Professional. Payroll and HR sections are combined so we don't have separate payroll and a separate person for HR, one person does both. It is separated into 3 areas

<i>Adult</i>	<i>Children</i>	<i>Others</i>
<i>2000</i>	<i>3500</i>	<i>1500</i>

Each of those areas has their own principal HR manager and their own teams below those and each responsible for HR and Payroll. I have overall responsibility for payroll and pensions and the processing of all payments, but not creditor payments, not invoices this is done by the finance department. We do order the stationery that we need. I have responsibility for the ICT functions, software and hardware and the development of it. But I have the background support staff working with so I have an IT department that work with us that I can call on. We have a service level agreement with ICT. Within ICT the manager helps as he used to be the payroll manager and payroll gets put to the top of the queue. The functionality and programming of the payroll is my responsibility. In my own team, I have eight people me, an assistant, a team leader and five people reporting to the team leader. In my own role I would say that I would be the strategic person, this is what payroll is doing, this is how we are going to get it there. I report direct to the head of HR who is a chief officer and he reports to CEO which is also the director of Chief Executives department. So she is CEO of the council but she is also director of CEO's. All of the areas have their own director and chief officers below them. If there is a payroll problem, the principal payroll officer from each area will report to the HR director.

In my team we deal with Tax NI system issue, third party payments and non specific payroll and pensions

We also process the payroll once the input has been completed.

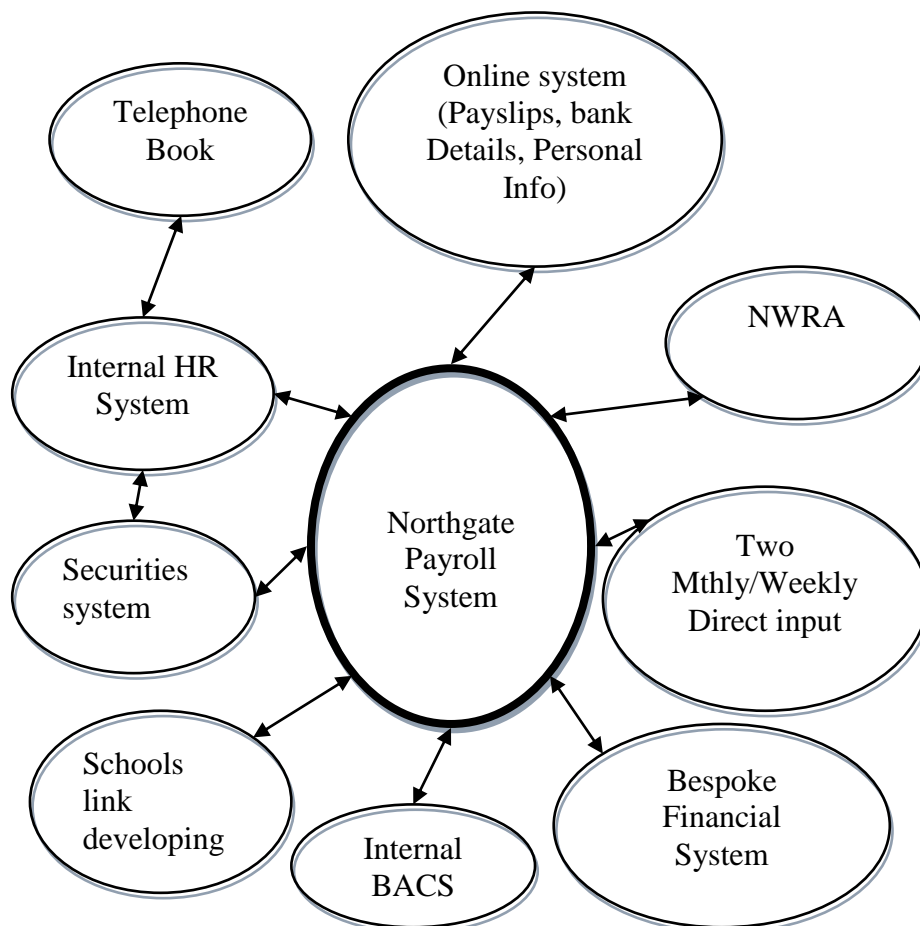
In HR payroll and Pensions there are approximately 60 staff with six or seven teams and they are all meant to do a bit of everything from interviewing, car mileage, overtime etc.

- ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payments

We have an IT platform that is called Resource link which is part of the Northgate system run on a Unix box. All of the hardware is housed in the council. The contingency for loss of data is SAM and there is a robust contingency for disaster, data stored off site, systems are backed up every night, each time we run a payroll we take three hard copies of the BACS file and store

them off site in different locations. We have a reciprocal agreement with a local college and another local authority. If anything happened we can use the data and they will also pay our payroll for us. It does have its faults because it pays a previous period.

The model will consist of Northgate payroll and pensions and off this we have an internally written HR system with lotus notes. Also an internally written financial system with an interface because before we had Northgate and we had a DOS system and our finance people wanted to keep their existing system even though Northgate had its own financial system. There are some interlinks between the systems. We have an online system where staff can do bank details and personal details, see payslips. Absence comes from the HR system. Schools have their own system but we are developing a feeder system to Sims system. Most of the other systems link with the HR system as that has been going and developed for ages. For instance we have the telephone directory, security system for example sign off of invoices. We have very little manual intervention they are mostly all electronic paths. We have two monthly and two weekly payrolls. We also run a payroll for a waste disposal authority North West Regional Assembly (NWRA). We have an Internal BACS system not external.



Interview Questions

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?

The minimum model needed is facility to run a payslip, store some history, generate a payment file and generate a ledger file. You could pass over to somebody else to do all of the rest of the work. It could even be on paper, although nowadays this may not be acceptable, so it may need to be in an acceptable format

2. How could this be enhanced?

A system that is capable of feeding everything, were it adjusts every system and there is only one point of entry.

3. How would describe the perfect model for payroll?

I would have a combined HR and Payroll system but I would lead it from the payroll side. I know that sounds biased because I am from payroll, but here they recruit people and Hr staff and wonder why their payroll becomes a mess. Then they end up fire fighting because there is no payroll expertise they don't understand the importance of it and by the time they have fixed all of their errors they are too short staffed to stand back and say "oh I got that wrong". The payroll system needs to be date stamped systems and all can be fed off it, telephone book, financials, working patterns. You would never have to change everything you would just have to do it once. It would be good to have one system that feeds all, one supplier and be able to buy it in modules. Then you would not have to bother with having to write an interface because it already does it. These systems are around e.g. Oracle but the don't work very well because they get too big or too complicated and they try to get one system to fit all and it doesn't work because they are they different. Northgate is one of the better ones, we develop our own internal systems for our needs and Northgate will follow. The modules should have some standards and then it would not matter and you could pick and choose, rather than having to go to Oracle and get something good off the shelf but being left with something else that is naff. Managers would do the payroll and employees would do it from recruitment. There would be recruitment pools, like estate agents, say we did the website for recruitment, there would also be a Merseyside website and I would only have to put my CV out once like monster jobs! I think the problem is job security, I am advocating a shared service model but nobody wants to be responsible for somebody else's work whereas Capita and the likes of yourselves are in it for the money. If I want some thing else you will say that will be x amount. With local government, we are more concerned with it being accurate and bob on. I don't want to give my work out to the likes of yourselves, we know the terms and conditions and they get wrong let alone sending it to others who don't know it at all. I know are IT department is fantastic so why am I going to outsource to somebody? You are only really going to outsource if there is something broken or you are being forced to. The idea of a cost saving is a false economy. I also think it is a fashion, lets decentralise everything lets centralise everything. There are only so many ways to kill a cat, things change and they will go back to the 50 year cycle. I am prepared to let other people on to our server because I have developed the system now , the Northgate payroll is a box and you have got to treat it if you are local government to fit. We are six years in and it has been tweaked to perfection. So if someone else is coming to the end of their contract and they are unlucky enough to find something else then look here, come and log

on to our server and our Northgate system and we will save you some costs that way. Keep your staff we don't want them, keep your expertise, keep your structures and come and use our hardware. We would have licence costs but it would be cheaper for us. As we have more users the average cost of the licence becomes cheaper. Northgate have two upgrades a year, they bought rebus, arinso, ps enterprises, you have to upgrade the legislation. They have a customer user group which helps where everyone shares the knowledge and Northgate actually listen to them. A lot of the enhancements are through the customer group and this is really good because

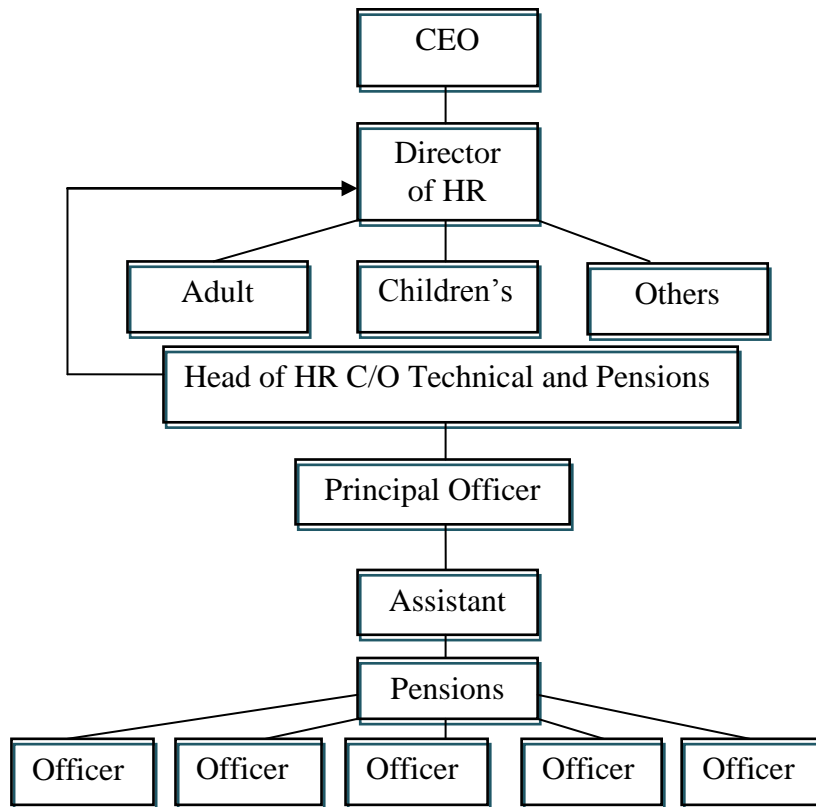
4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.

In this organisation HR here are fore runners, Payroll are classed as widget processors "what do you know you are only a widget processor" The HR system is 15 years old we can be the provider and outsource our system. We could lead there as our IT system could tie in and we already have the scope. The HR manager does not understand payroll and because of this he fears it and that is why he does not want to take that leap into the unknown. This is understandable but there is a political issue. We could move away from national agreements and have our own local agreements that could aid our retention programmes. We could deliver on a lot more employee benefits. We have a whole host of benefits and they are all paid for by the employee. The council will not spend the money.

5. How does your organisation provide payroll services?

We don't provide payroll services to others outside of the local authority!

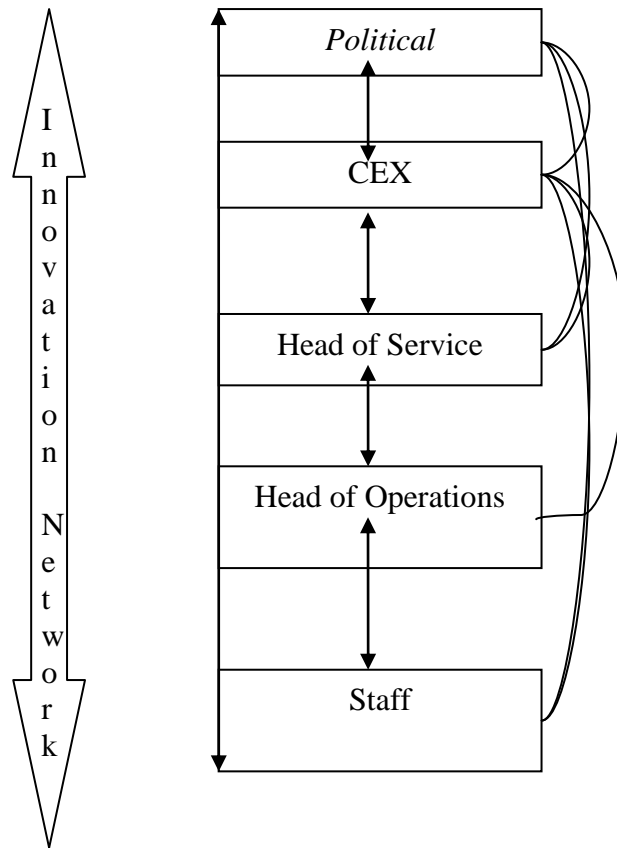
6. Can you describe the structure?



7. How is the model driven in terms of vision and leadership/direction?

We are very much delivered and our direction comes from the corporate agenda. As a citizen of another town and working for this authority I actually knows more about what is going on here than I do in my own town. I sit on the HR management board and I think we in HR and payroll fire fight to deliver other peoples agendas. HR does have its own agenda but it is there to make sure we have the resources to support all others vision and mission statement, the vision, values and aims. Deliver on qualities agendas, budget, off stead, payroll only has the efficiencios and the costs. We don't have something hard and fast for payroll and the direction for payroll comes from me, it does not come from the Chief Executive. The political level comes from what they want in the community and we have to deleiver on their agendas. The example of flexi time, CEO was resistant but we said that this was preveting us from retaining staff. We have innovations networks that feed upwards, anybody can feed in an idea. Part of our communications network there is probably only one tier of management between me and the CEO. I could knock on her door and say I have had this idea and she would need to have evidence to let me proceed.

Model of Leadership and Direction



8. What is your organisations key strength/core competence?

I think our organisations key competence is the distance between director and the worker is only 3 levels. We look after people, we are firm yet fair, because of the narrow relationships the communications runs really well. In each area there are committed people, people that are specialists, they know the area, know the subject. The way that they have groups that work well together, the cross cutting nature that makes everything happen.

9. What would you say your organisations current market position is?

I would sell our services because we are very focused and specialist and a person will know anything on their area. I could tell you all you need to know about our service the end to end product. I would not exclude anything, my staff know all there is to know about payroll general, sell as a whole product. We are small there are 8 people that do a lot so we are efficient. We would sell one product and allow you to as the customer to stay as you are to keep your staff but reduce your costs.

10. What's your view of your organisations model

a. What are the key success factors/strengths/ weaknesses attributable to your model?

Strengths

Strengths are we have small numbers of people, key focused small structures, good communications, good IT systems and the local knowledge and we are knowledgeable.

Weaknesses

We are risk averse and this is mostly political, my manager is not very generic, we do not have a combined HR and Payroll system because there are still duplicate entries and lots of checking to make sure they match each other and issues of accuracy as a result. Managers knowing the end to end job the downside is that it is sometimes very in depth and specialist knowledge is weakened. Maybe it would be better if it was centralised, then you would be able to have a team that focused on welfares and a team that focused on car mileage. But by getting that you are losing it in the other areas so I suppose it does depend on what the fashion is. Car mileage claims are input manually which is not good but we are developing. Most of these are not of a high magnitude they are more minor weaknesses.

b. What doesn't work well/ what are the threats?

That some other competitor provides the service! We are not commercially focused so we have local government threats but it is not the same as the private sector.

c. What are the key opportunities/improvements to the payroll service you may have planned?

Opportunities are the quality control which is what I have done in my section. Everyone is busy and so they don't see what mistakes they are making and it often takes an outsider to see them. That is why my team looks at this. The online system is the opportunity for example to get employees doing the car mileage themselves. The poor managers, I don't think I see this as an opportunity for them, because they are there to deliver the service. e.g. The manager of a care home has enough problems trying to manage the service looking after the people in their care and then we come along and say we want you to do your own recruitment, all disciplinary, all mileage claims etc. It would work but they have to have someone else in to help them as there is not only me asking them to do this for payroll there is everybody else. So it would reduce the work, but the manager of a kitchen does not need a PC they just sign a piece of paper. They are often not PC literate and would have to be trained but they have other priorities. If we did go this way we would then spend our lives looking at a computer screen. I would much rather pick up the phone and speak to you and capture what I want in one phone call than send you ten e-mails to get something done. The human element is very important, I think all this technology is going to come back and hit us, because all that personal touch, all the manual knowledge is gone. I need to understand what is going on. The technology does massively save money and time and it is this that is driving the efficiencies. What we do to save money is to get a school leaver to do the admin job so that we save money and we give them all of this responsibility and people don't understand the full picture as we have taken out the critical elements. Our CEO is not pushing outsourcing because her main concern is getting it right rather than just reducing the costs. As you become a larger organisation the

controls become diluted and as you get bigger the Chinese whispers get worse. By the time you get to the 4th tier of the organisation they don't have a clue what they are doing and the bad rumours come from that big area.

Invest in our online systems and the other opportunity is to bring service in and become a provider.

We plan to make improvements over the next two years including the online system, payslips, personal details, car mileage and expenses, overtime and timesheets, removing weekly paid to a week in arrears. They will not move to monthly and the organisation will not pay them to move. We still have cash payments.

11. Is the current payroll service cost effective?

We are not the cheapest and we do CIPFA benchmark but I don't believe in the benchmark. In the set up there are HR staff also and there is more of a management tier and they do have to be included because they do have an input.

Interview transcript 4

30/1/09

Participant 4 - Joint Venture Company Contractor

Pre interview information questions

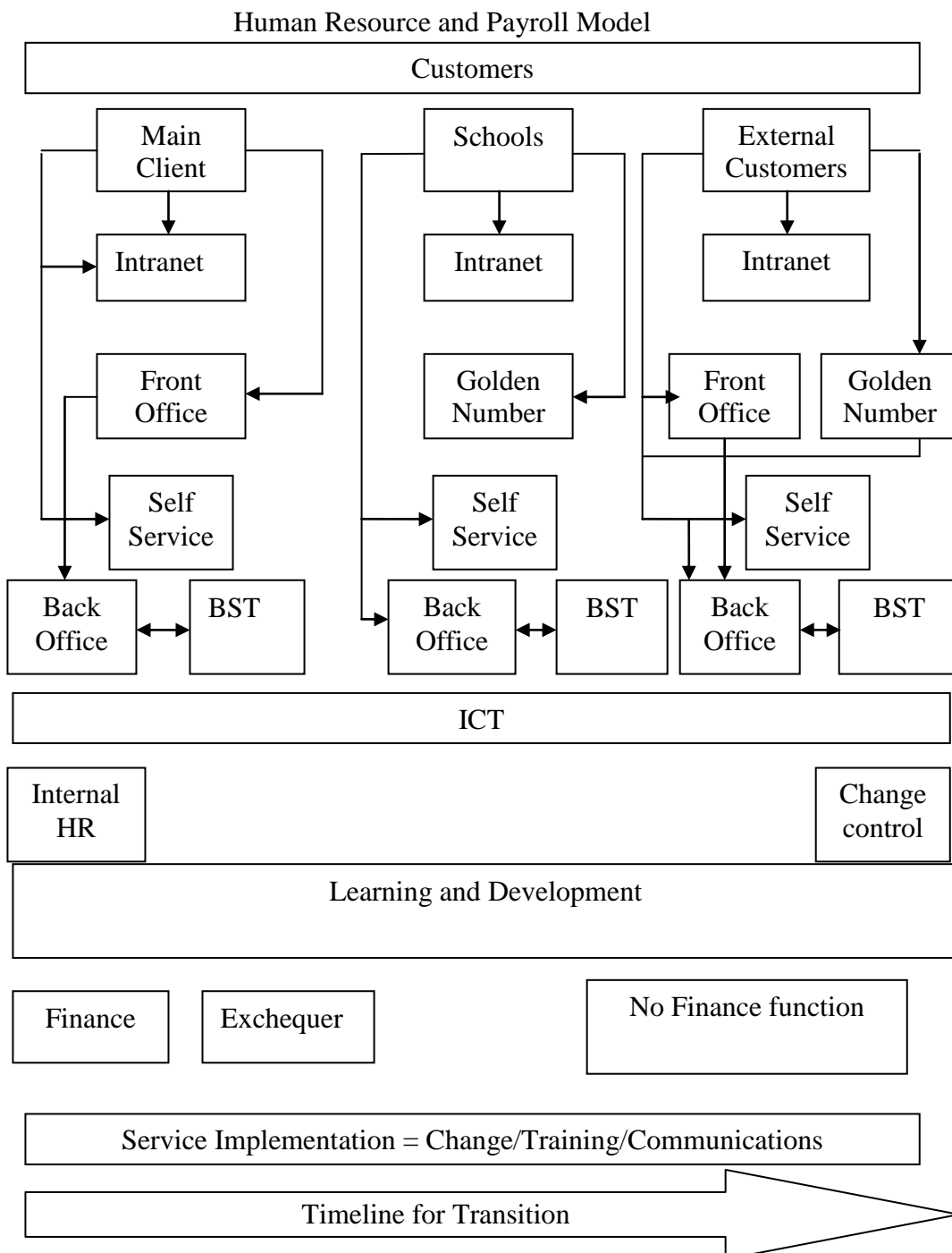
- i) Please describe your organisation and your role in connection with payroll?

My organisation is a joint venture partnership between a large telecommunication company and a local government organisation, its remit being to provide efficient services by fully exploiting the most advanced technical means. My role is that of Business Support Manager within the HR & Payroll Service, with my main responsibility being the operational and strategic management of the Oracle HRMS.

- ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payments

My team is the Business Support Team (BST) and it supports the Oracle system, which is fundamental to the payroll operations. The team of eight liaise with the back office staff including payroll, Employee Relations and Recruitment as well as having a link to from the functional aspect of Oracle to the technical aspect within the ICT section. The model has three main strands of activity in terms of customers and differs depending on the offering. For the main client the basic model is an intranet supported by a call centre with managers and employees being able to access the payroll via Oracle self-service. This is then supported by a back office function that includes payroll. The majority of work done on my team is to support the payroll back office functions. The ICT platform is a sun solaris version on an e10k server. For the main client there are also finance and exchequer functions but they sit outside the Joint Venture Company. The other customers include schools and public /private organisations. The schools model is slightly different to the main

client model in that they have direct access to the back office and have no contact with our service centre. The back office contact for schools within HRP is with payroll only unless a school decides to purchase an HR service level agreement. The external business includes schools and private sector partners, the model is a mixture of golden numbers and contact centre with little or no service provision or system for finance or exchequer functions. The whole customer base is supported by ICT. The main client has an internal HR client monitoring the contract. The change control system allows for process of business enquiries to be tracked through a system called spider, new business, current changes and customer account billing is performed via this system. The whole area should be supported by a learning and development function but the training of staff and customers tends to be done from within and without this function. Service implementation is not currently including all aspects of training, communication and change.



Interview Questions

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?

I think the minimum model required to provide payroll service hinges on having sufficient experienced resource (including succession plans) and robust systems and processes. At my organisation, the current model is based on a front end service desk being the first point of contact for customers which in principle allows the back office to focus on operational processes. In addition, a Business Support Team and ICT Services provide system technical support. However, any model must keep an eye on the future of the business and where it is heading as it must ensure that its structure is scalable.

2. How could this be enhanced?

The model fails in part mainly as a result of our starting to break our own rules. We continue to advocate the simplicity and strength of the model, referring to its success in shaping the way the customer has transformed its processes and the cost savings made along the way but in reality we are allowing our newer customers to influence what we do and how we do things. For example, the service desk may not be the route in for certain customers, resulting in not only a lessening in the team's knowledge but also putting the burden back on the back office staff. Similarly, we are seeing more bespoke reporting and self service functionality provided to customers, with revenue seemingly being the main. We need to take time out to really consider the longterm effects of such decisions and, assuming we wish to continue along this path, assess exactly how our model will need to look. Although the role of Business Development Manager has now been created to address the issue of managing the coordination of new business activities, in reality, the bulk of the actual assessment still naturally remains with the operational managers and this is never going to change. Ideally, the BDM and senior management must trust the operational managers in their assessment of what is achievable and pace the activities accordingly or must commit to investing in resource and development in a proactive rather than reactive fashion. Service Improvements will always take a backseat to new business which is ironic and a balance must be struck.

3. How would describe the perfect model for payroll?

The perfect model totally depends on the nature of the business as each will have a different objective. In the case of my organisation, the basic principle of the current model is sound, it is more the execution that is the issue. If a payroll service is achieving its objectives, meeting or even exceeding their customers expectations and keeping its staff motivated and developed I think they've come close to their own perfect model but it isn't an identikit.

4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.

It would be easy to react by saying they should be allowed to work in a similar capacity to an HR Business Partner. However, Payroll needs first of all to work out where it wants its boundaries to lie. For example, given the nature of its work, it often witnesses first hand the impact and implications of HR policy design but when HR & Payroll Services are aligned it would be easy to blur the boundaries of responsibility and confuse the customer. Therefore, its focus should be in identifying and addressing those most cumbersome of business processes eg: by exploiting Self Service, ultimately saving money for both parties. That action alone requires time and focus.

5. How does your organisation provide payroll services?

A mixture of services is now offered depending on the customer profile, ranging from fully managed to the emphasis being on Employee Self Service. As the model and resource levels were built on the principle of Self Service, again we need to ensure that the balance always leans toward this.

6. Can you describe the structure? See above.

7. How is the model driven in terms of vision and leadership/direction?

On an annual basis, my company's strategic targets are derived from both the customer and the partners own objectives. In turn, these are translated into Service Area objectives. Where the revenue objectives are high but the drive for cost savings is equally strong, there is never really a clear debate on exactly how this is achievable which often leads to contradictions and conflict which is already starting to take its toll.

8. What is your organisations key strength/core competence?

Its strengths continue to be in its successes to date and its experienced staff. The commercial partners own profile in the market place in terms of technical expertise is vital.

9. What would you say your organisations current market position is?

A relative newcomer with little experience in comparison to its peers but its partner links are a definite bonus so it has a fantastic opportunity to exploit this to its advantage.

10. What's your view of your organisations model

- a. What are the key success factors/strengths weaknesses attributable to your model?

Strengths

Our links and association with our partner are strengths. The ability to overcome issues with the brand name, EHR transformation, self service and the need to exploit those areas in new business. Does payroll belong in HR? Finance can bow out of the politics, Payroll is clearly or closely linked to HR, see the human side of

issues. Presented in finance a new process relating to payroll, deductions, but not the human element “cant do that”, “ not ethical” may not link into ethical issues. 1st lend an awareness of policy and impacts on payroll. Style of the managers

Weaknesses

Weaknesses include the brand name its not found to be scalable, its based on the world 5 to 6 years ago and any headcount was based on that world. No one has sat back and worked out currently or for the future what the headcount should be or the model. The answer from the head of service will be “when it gets to the state where we need additional resource we will tackle it as and when it gets to that state” or “give me a business case” Learning and development (training) needs to sit along side to manage the training requirements. At the moment the Hr and Payroll service manages the training for the service. Why? Ownership of the problem is not payrolls responsibility. It could be part of the systems teams responsibility in terms of training on self service but not in the current profile. The current head will do as minimum as possible and this means that the more businesses that are turned on the more problems. Needs to be looked at in a more sophisticated way. Politics is a weakness. Costs passed on to the customer for reports is wrong. We bill people and charge them just like a market stall with nothing on it. Going to Market with the product, we change them for every element of the product – either offer it or do not. Early customers are being penalised for a lack of up front development.

- b. What doesn't work well/ what are the threats?

Threats

External competition, our commercial partner and the agenda of the parties involved. Relationships of those involved, Oracle release 12, the shared service agenda, the potential to treble the payroll size without the current payroll being developed and maintained. Competition and too much diversification, we will end up jack of all trades and master of non in terms of trying to be all things to all customers. There are too many niches. We had agreed on a market sector strategy of schools new business and now we are looking at ONS and have been asked to develop skills in consultancy without having the resources or the know how to do it. We are developing our own system but not understanding enough about imminent decisions which make our plans wrong. We don't focus on anything! Internal – lack of resource, development, staff turnover, motivation, climate – staff survey results

- c. What are the key opportunities/improvements to the payroll service you may have planned?

Opportunities

Self Service exploited. Exploit public sector market sector first of all. Exploit Oracle connections – any partner can be managed in a way that you want them to be managed e.g BPO licences agreement/arrangements. Schools, small medium organisations, Planning and the scale of opportunities.

11. Is the current payroll service cost effective?

The fact that I don't have any information immediately available to me to confirm whether it is or it isn't speaks volumes! I suppose the bottom line is that if HR & P's outgoings are significantly less than its incomings then it would suggest that we are in profit but it doesn't necessarily indicate cost effectiveness. Are we able to compare our charges with the marketplace or is our model so diverse that it does not lend itself to a standard Shared Service concept? Could our costs be lower and attract more appropriate customers? Or are our profits made at the detriment of quality? My feeling is that we have a long way to go before we can feel satisfied that we have even identified all of our processes which would benefit from review, let alone addressed them so by that logic alone we can't be cost effective. Although we regularly identify key improvements, year on year we fail to commit adequate resource to progress at the necessary speed and so what should be a 12 month objective turns into 2-5 years so they are not so much plans as a wish list. However, the fact that we do have staff who can identify improvements and are motivated to do so is a good sign and something many organisations lack.

Interview transcript 5

2/2/09

Participant 5 – Joint Venture Company

Pre interview information questions

- i) Please describe your organisation and your role in connection with payroll?

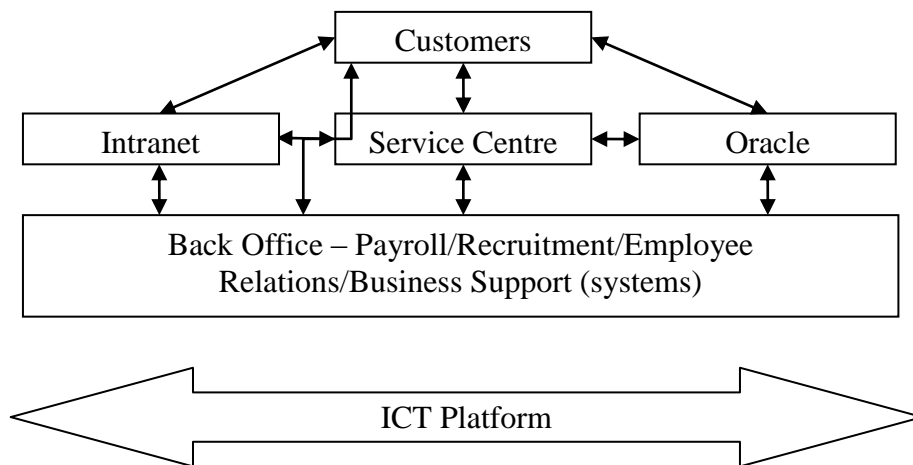
The Joint Venture Company is based on 81% to 19% split in contractor client interests in terms of financial benefits that come out of the joint venture operations. The JV is has a diverse range of services it offers to customers it ranges from ICT, Web Services, revenues and benefits support ,Learning and Development, Education sector support and of course my own area which is HR and Payroll which is my area of responsibility I am Head of service for HRP. Payroll service is a fundamental part of the activity provided within the joint venture company. We have between 20 and 21000 customers on the payroll at any one time this is made up of a combination of employees of the main LA client and external organisations, pensions and members

- ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payments

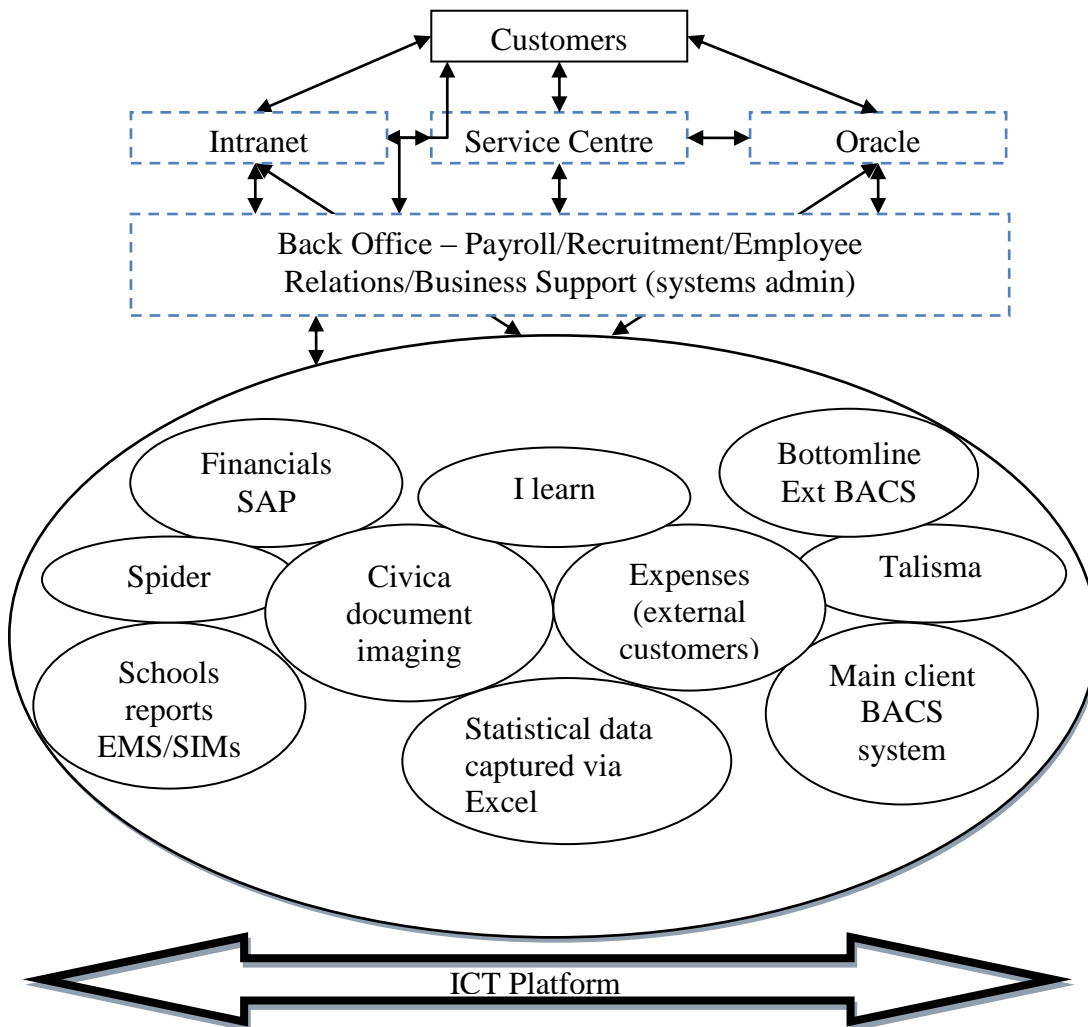
The model we operate on is very much based on the Oracle HMRS platform. Reaching out from this we have at the front end, part of the service design, is a very comprehensive intranet site where upon managers and employees will

draw down information for themselves and we are looking for greater integration there with Oracle. We will have various elements within Oracle that may point to I recruitment. Information comes from oracle through an interface to SAP financial systems for our main client and we have interfaces for other customers financial systems. Schools being another example were they will use reports from Oracle to feed into EMS or what ever systems they are utilising. The model is also supported by a service centre where customers can contact experienced and knowledgeable customer service advisors who will resolve most calls a first point of contact. Ultimately the back office of Payroll, Employee Relations and Recruitment together with the Business Support team, will deal with any complicated business enquiries from customers. In terms of numbers, the model support 21000 monthly transactions supported by dedicated teams totalling 66 staff of which 34 are primarily dealing with payroll and pensions functions.

Human Resource and Payroll Model



Detailed Human Resource and Payroll Model



Interview Questions

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?

This is not something I would favour at all these days but a minimum model would be based on manual paper based payroll very much dependant on input from others opposed to payroll staff but very labour intensive payroll in terms of the payroll activity, confined to purely payment of a basic salary or wage no enhancements no pensions

2. How could this be enhanced?

I am bound to use experience in the Joint Venture Company that possibly takes us above many other payroll providers. That is to work towards totally self service automated payroll process including having all of the enhancements that a customer may want to have made available for them. That is having expenses, have our own Bacs bureau, fully automated, takes out all of the transactional processes, paper and it really does come down to a very simple streamlined processes, attractive and user friendly to customers because at the end of the day that will be important for us in the future.

3. How would describe the perfect model for payroll?

There are lots of improvements to the current model but it very much depends upon what you term as a model. I am not entirely convinced about the satisfaction customers have to a service model where we have a front desk service centre by which they can contact their payroll provider, a lot of customers would like the direct contact and is demonstrated where we have golden numbers for some of our customers. However, given that this is the way we operate than I suppose if we to go with a combination of the two and work towards the all singing all dancing payroll support, then there is that need for some basic information to be made available to the customer. Either at the intranet level where they can source their own information, maybe payroll questions they might have. But if they want the customer contact centre model we would have to be absolutely certain that our service centre advisors are fully skilled, fully equipped with the information and knowledge they need to be able to fulfil the first point of contact and cater fully for the needs of the customer. I am not sure they are there yet but to me that would be ideal. Behind the scenes its the functional role undertaken by payroll staff themselves as they are the experts and there should be very little direct contact with the customer if we have a very proactive, very knowledgeable service desk in front of them. It would solely leave those expert professional payroll people to get on with business of enhancing and continually improving the payroll service. As I have already said that would be through self service and fully automated functionality. That would be a range or sectors, voluntary, public and private and in the ideal world, we would have no restrictions on the type of customers that we provide services. Nevertheless, that we would have packages that the customer could draw down from so that we would not, every time a new customer comes on board, produce a new payroll set up. If we have got something that is easily accessible readily available, can have minimum customisation but we can concentrate on that in the future so that we have the type of product that a customer from any sector will be able to draw down like and off the shelf product.

I think its early days for us yet to know whether we have the right model, the wrong model or somewhere in between. I do think we have great opportunity for the support to diversify and to accommodate the needs of customers within a range of payroll services. In addition, how they can be provided, that needs more investment it needs more development in terms of the systems that we have in place. But I have no doubt that we have got that great opportunity either with shared service or bureau based support and we need to be leading in that field and keep ahead of the field. At the moment I think it is stagnated I am more confident that now more than ever before having reached this point where we

see the competitive field that we are in starting to edge forward much more so than in the past. That could be if nothing else an incentive to get further investment move forward for this company and to diversify. We are on the cusp of something that is much bigger than we have done so far, we have come a long, long way and have a long way to go yet but I am feeling very confident and challenged by what the future holds. I think we have got the basics right for the model we provide and I think it gives us flexibility to provide a range of services offered to customers in slightly different ways but within reasonable boundaries. Front desk, a set of contacts might be better, golden numbers, need for basic information to customer. Service centre advisors are skilled to fulfil first point of contact to customer. Behind the scenes functional processes expert payroll people to continue enhancing self service payroll and pensions over a range of sectors public and private Including packages for each customer something easily available, type of product for each customer

4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.

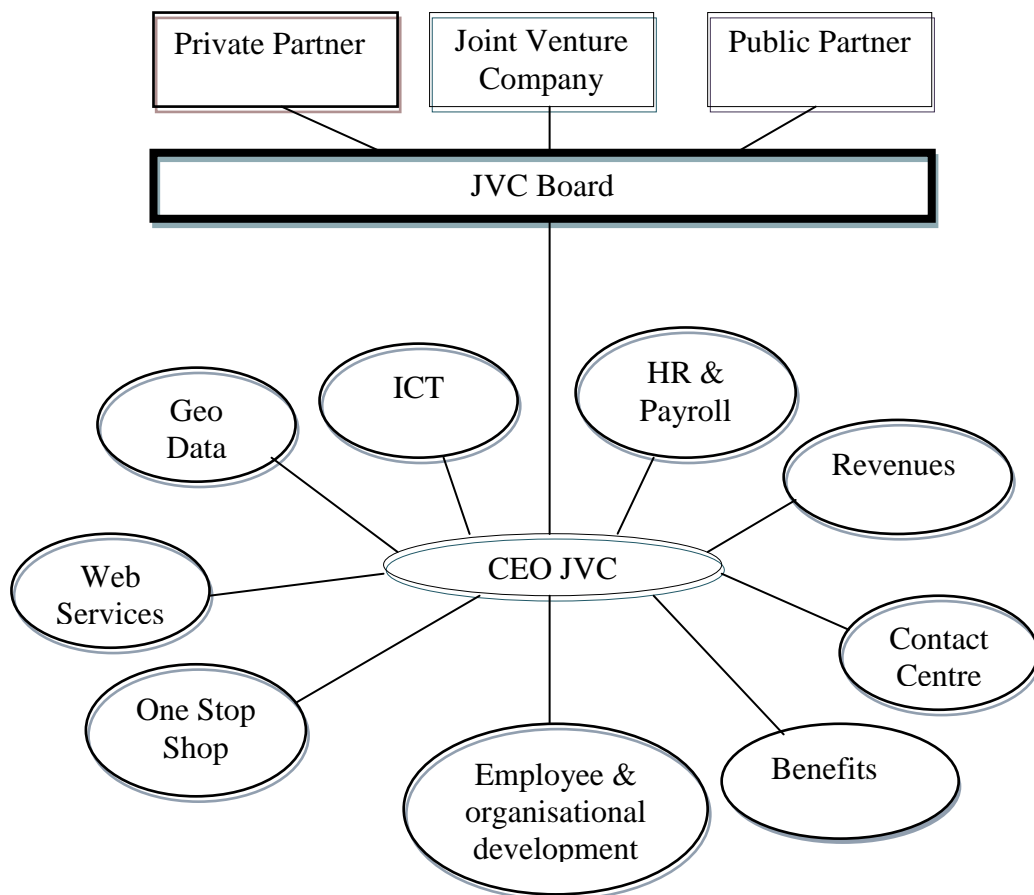
Based on experience, we have seen just how much the payroll model can support the HR function and vice versa. There is no doubt in my mind that the integration of the two areas is key to the way forward and I think the championing of the integration of service has taken us a long way in terms of the sort of management information we can provide. The way in which we can free up customers to concentrate on their core service activity, for instance the example of schools forms 36 -1, Manager Self Service is all very straight forward, its there for customers on a plate. The information they need is available though the intranet so they are not constantly having to run around trying to find answers to their queries, it is there at the touch of a button. Looking at streamlining the support that we have given to managers in the payroll service has helped them to free up their time to take the angst out of dealing with payroll matters. Also in dealing with individuals because their performance is so much better and our performance is so much better in working together it allows those managers to concentrate on the core service they should be providing to customers of client. If we take out what some see as the bureaucratic burden of payroll and HR then it allows them time to concentrate on what they no doubt see as more important business matters although it is to pay your staff accurately and on time. We have a sophisticated system for payroll and this is a plus point to other organisations. It helps them in their provision of services. So its about taking out the transactions from a very process driven function then concentrating on core activity for ourselves as well as themselves, what they should own and their being clear lines of responsibility and understanding those lines of responsibility and so removing the confusion from the organisation.

5. How does your organisation provide payroll services?

I think in theory we provide payroll services under a joint venture operation with a client base in the customer side of the organisation with the client being responsible for monitoring of contract, monitoring of performance and in theory responsibility for strategic direction, policy making, decision making

and instruction to the operational wing of payroll in how to pay people. In reality this does not happen, I am not suggesting that this is a great problem but I do think a better understanding of roles is required. I think we are well capable of undertaking the strategic roles, I think sometimes the confusion of the two can lead to the detriment of services we provide and what the customer receives. The important thing for me and for the success of both is the relationship between the client and contractor. This has to be a structured relationship, but a soft client relationship, very much the key to success is the success of that relationship. However, I think that goes in parallel with understanding roles. I am not yet convinced that you cannot have a strategic element lying within the operational arm of the organisation as long as we are commissioned to do a piece of work, for example to provide information for pensions legislation, in the current set up we are best equipped to do that. We have the people in place who have the knowledge, the contacts in the background and a proper understanding of pension's legislation; I do not think this would have to lay with the client.

6. Can you describe the structure?



7. How is the model driven in terms of vision and leadership/direction?

Sadly, we are lacking in strategic direction for taking Oracle forward. Oracle being the foundation for taking the payroll model forward. We had that

strategic direction some time ago when there was major programme of activity in place for implementation and development of key areas within Oracle. Investment in that first programme enabled us to move on but without that behind us it has limited us in changing the shape of payroll and I think we have been prevented from developing the service that we would ideally want to offer to customers so that we can be seen to be different, seen to be leading the field. I think the next stage is really important one for us. We need to do this now to keep up with the pace of change and keep ahead of that change process. It is fundamental to our continuing success to have major investment in a programme of work that will have strategic direction so that we are all agreed how we are taking oracle forward. What the aims are and why we are doing this if we are to continue to have the success that we have been lucky enough to have so far. But we need to have that strategic plan in place and supported financially from the commercial partner, from the top and that is our next key step.

The model is not driven sufficiently by CEO or managers, workers if anything shared services agenda and the threat wielded by that agenda and others is the one thing that might make it gather momentum, sadly that is not the right way, but it if it achieves change then who cares why. But I don't think it is driven by the top level, its not driven within the management structure of the organisation simply because people don't yet see Oracle as a means of helping them do their job. That is what we as a payroll provider have to turn around, to change the perception of oracle by providing an all singing all dancing solutions based service. Because that's what our customers are looking for. So we have to prove its value, its got to be user friendly and the reporting element within the Oracle system has got to really key to the acknowledgement that it is a useful tool for management

You cannot spend too much time on strategy because otherwise you will never actually put things into action. This has been my experience in the past, I do think you should have shape and structure but too much time spent on detail prevents you from moving forward. You do have to take risks but at the same time as business as usual should really be operating in parallel with continuing to look at what the systems can bring to your business. This is probably what we have lost sight of and should learn from never give up on developments on the improvements, on what is coming into the system what it can offer for the future. Change is something we can never ignore it is happening all around us and don't lose sight of this. We have gone through an intermediate stage and we about to leap out of that into the next tranche.

8. What is your organisations key strength/core competence?

Solid ICT platforms and quality people either supporting or working with those ICT platforms and I think this is the key to growth of LDL. At the centre of everything we do is the customer focus that all comes along with the people side of matters. But at the very heart of it all has been the technological developments that have allowed us to go into arenas that we would never have thought possible. Without the investment and technology then we would not be operating the type of area that we are operating in now. People are equally important, you have got to have the right people and people with the vision

behind you that want to be part of change, do a good job, are committed and have pride in their work and want to make change happen. People who want to be seen as best in class, whether that's best in payroll or any other area that's fundamental to the success of the organisation the commitment of staff their ownership of their work and being proud of that. So its people, systems, investment!

Its very difficult for Local authorities now and in the future when financial belts are drawn tighter to invest and move forward and we are very fortunate to have the investment of our commercial partner. That said its not just investment for investments sake, it is proving the business case its looking at what the benefits will be and looking at what we will get out of it at the end of it all

9. What would you say your organisations current market position is?

Businesses change and evolve as time moves on, when we set out we thought our product would be based on schools in the early stages. I don't think we have yet established an actual product for payroll because at this time we are still trying to find our way in either public private, voluntary sector. We need a real foothold in one of those to move it forward and to determine the path we will take and trying to determine in the early days which one is the most successful. We are taking risks at the moment in testing the water in those various sectors and this has to be done to determine how successful we are and which way we will move in the future. If we take schools as the market product for payroll purposes, we could be restricting ourselves unnecessarily and losing sight of the potential that lies elsewhere. It is trail and error and we do need to test the market, it is a luxury to concentrate on one area and if we had concentrated on schools we may have lost out on the recent successful new business with our commercial partner.

10. What's your view of your organisations model

- a. What are the key success factors/strengths weaknesses attributable to your model?

Strengths

Flexibility, range of services, expertise growing development into the private sector areas, fall back on local government public sector , commitment of staff professionalism of staff. Willingness to learn, change, develop, support of the CEO and the commercial partner, proven track record of success, honed our services and workforce, fine tuned the model we provide. We don't have fat, we are lean and mean, we concentrate on core added value services. We have an understanding of the business and we provide business solutions to our customers, its not just about paying people, its what you can do and the impact on their organisation, paid accurately and on time, freeing up time and allowing customers to carry on with their business, our reputation from the above.

Weaknesses

It has been very difficult to set up a BACS system that is cost effective so that we can get value for money for so that we can be truly competitive without the attachment of the public partner.

- b. What doesn't work well/ what are the threats?

Threats

The culture of the organisation what ever that organisation is, willingness to take ownership of the role, lack of understanding of new technology and the impact that has, reluctance to take chances I think. Overload, too many competing services and the lack of strategic direction in terms of our customer base, too many priorities, we are changing but we need to catch up with ourselves and ensure we are in the right shape for the future. Competitive elements, pending investment and Oracle Plus, we are moving into field where we could be taking on much larger organisations and are competing with organisations like Capita and Logica. Where our reputation needs to be built and the reputation generally of the partnership becomes even more important because we may be seen to focus on local government too much, this is also a weakness. Expanding our own horizons, where we are more multifunctional across teams.

- c. What are the key opportunities/ improvements to the payroll service you may have planned?

Opportunities

To develop the existing staff to provide the all singing all dancing product, to break into new markets with the enthusiasm and the commitment we have and using our commercial partner. Using the advantage of being seen to be leaders in the joint venture partnership field, using that reputation to our advantage and being launched into other areas across the country with our contact nationwide in the commercial partner. Now is the time they are starting to sit up and take notice and we should exploit that. We have an opportunity albeit that we are a small factor in the bigger field, but we do have that opportunity that we can keep knocking on the door of our competitors to show that we are there biting at their heels. We can improve our profile through tender submissions, getting our name out there so that we feature regularly in that type of new business arena.

Developments are very much around maximising self-service in what we are calling the programme Oracle Plus. We need to really invest and catch up with the development of various functionalities available. Also the add ons that we need to improve the range of our support services and that has to be our concentration over the next two years really to make us fit for the purpose in competing effectively in the market. We have seen so much now that we know we can do but we just have not developed the system sufficiently. Very much about putting better organisation into the payroll section itself so people feel they know what they are working with. They know that they have a comfort zone around the type of processes that they can rely upon to know what they are doing properly. So we can the investment of the development of those staff so

that we will be able to continue applying their skills to any contract that we enter into.

I think the philosophy of not having face to face contact is a difficult one to accept, however I believe on a global scale the development of new technology is so vast and fast paced that we don't have any option but to keep up with it. At the same time, giving an option for human contact whether via service centre or limited contact with the functional teams. We do not have a choice, technology is taking over everything and we have to keep up with those advances. I cannot see it going back to the amount of human interface that we were used to at one point. If you use the example of contact centres across the world there is a lot of indifference to the way in which you have an automated response. Through telephone voice recognition technology, I'm not entirely convinced that this is the right answer, the avoidance of all human contact is a great pity but we will be driven by what is driven globally. Looking now at public access through text messages, through VOIP, the younger generation are using this technology and we have to be able to match the pace of that change.

11. Is the current payroll service cost effective?

No! We are not yet at the point in time where we have maximised the benefits of the system. That is not to say that we are looking for further headcount reductions. As I have pointed out we have probably reached the optimum level for the way in which we currently operate. As we develop Oracle further it will create further business opportunities for us and as that grows we will be able to move people from where they are now into the new business sector of work. That is challenging in itself in as to how you manage that process but that is something you have to correct. We are not cost effective in terms of providing value for money. Any thing and everything we look at there are always to do things differently, to streamline things, we need to have more order and structure.

Need to look at other systems, do more benchmarking, getting like for like is difficult; there will be opportunity to bring down our costs. It's not just about cheap services but quality services and for payroll it is about being paid accurately and on time but it is also about how we deal with our customer. Do we deal with it quickly and effectively? The benefit that we bring including the intranet, being able to speak to someone else who will have the knowledge, which is all part of quality.

Interview transcript 6

14/3/09

Participant 6 – Private Sector Company

Pre interview information questions

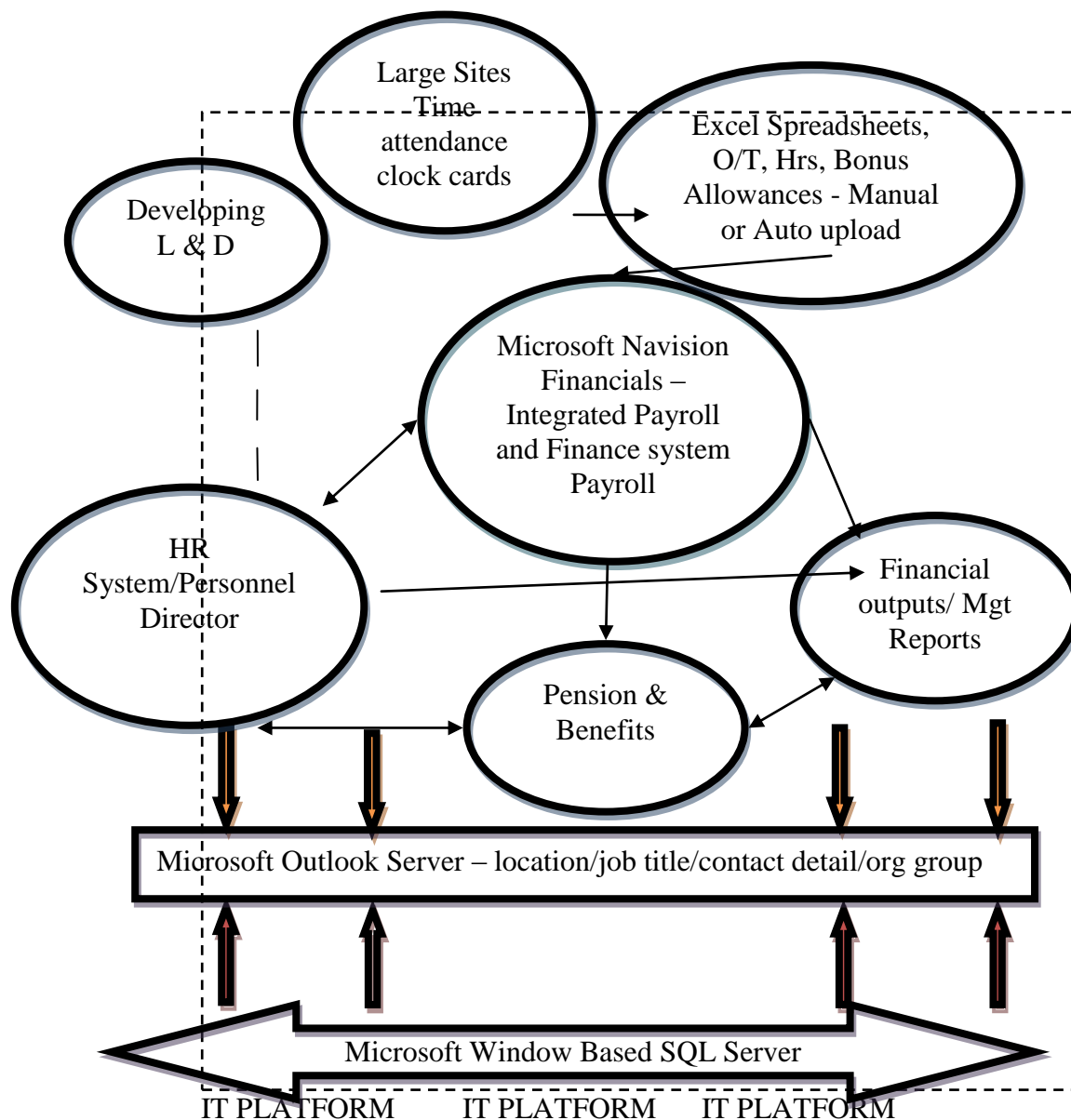
i) Please describe your organisation and your role in connection with payroll?

I work for a global PLC specifically I work within the European division with its head office in the UK. My role is company secretary responsible for Human Resource and Payroll functions. The HR function has responsibility for co-

ordination of HR across Europe and day to day within the UK and a meer supervisory role of the continental payroll managed by either by the finance or HR functions. The UK part of the organisation comprises 42 autonomous sits employing 1200 to 1300 staff with 300 to 400 staff being employed by six continental European sites including Sweden Belgium, Netherlands, Germany and France. In summary my role for these European staff are paid on a timely and accurate basis

- ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payments

Five non-UK European sites operate different systems on different platforms. In terms of the UK as mentioned earlier operating 1200 to 1300 on a UK payroll of which 400 to 500 on a weekly basis which means the remainder are paid on a salaried monthly payroll basis either on an hourly or on a flat salary basis 12 monthly on 19th month 2 weeks in advance /2 weeks in arrears as the general rule. In terms of the platform we operate a Microsoft Novision payroll system which is run upon general MS enterprise servers and are fully integrated into the MS Novisions financial packages which is a low end enterprise planning system. However the payroll system is centralised at the head office and is managed by one full time payroll officer and she has assistance and holiday cover provided by an HR administrator , however the larger UK sites prepare their own data input into the system with regards to the hourly paid staff, whether that be weekly or monthly to capture actual hours work and overtime bonus and other variable payments. The system is currently being developed so that the current excel spreadsheets based input forms are being automatically integrated and input into the Novision payroll with the payroll officer checking for verification of the set parameters eg maximum hours maximum rates of pay bonus etc in comparison with previous pay periods. With regards to external support the payroll officer is dependant on internal support from the IT department managed all systems across Europe including the UK payroll system and its full integration within the Novision financial package the business utilise a BACS service via Barclays and we use their online bacs payment services so the payroll will use the BACS output file so this will be sent off through the clearing system on a weekly or monthly basis. We also still continue to pay 20 to 30 hourly paid staff on a cash basis so the payroll officer will advise the local site office of the relevant cash payments to be made on site locally.



Interview Questions

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?

Accurately and on time at minimum cost, acquisition bought 16 companies from bureau's

2. How could this be enhanced?

Enhanced by integration into financial system where payroll is part of that system rather than stand alone package or external provider our next step is to

integrate into HR systems and also develop it for other management reports. e.g. P60 other benefits such as pension scheme and annual pension renewal disclosures. Linking with HR and better management reports linking into outlook server integrate full interface with the intranet people can access it back up the chain through the intranet and although they will see it as the payroll system they will be accessing the data.

3. How would describe the perfect model for payroll?

I think you have to put the model into the context of the model in organisation you are dealing with, we have a traditional business that is dominated by unskilled or semi skilled manual workers and so you have to deliver an output that is appropriate for your audience or user when our big game is actually to get them away from weekly cash wages to monthly payments so that's been a big win for us I think to take that to an electronic type out put is probably inappropriate for the cultural environment in which our organisation operates, maybe you can have a hybrid system whereby you address your outputs according to the recipient, but again from a simple custom and practice its probably going a stage too far in terms of the benefits you would get and the cost savings from a reaction and perceived benefit for 1200 people, probably 500 to 600 would be monthly paid so what would you be saving probably at best 20% of that. Savings are marginal. £100 per month, I cant see the demand , don't do change for changes sake, that's the problem with systems and technology you can be driven by the systems, managers and sellers more than actually be driven by actually what your organisation needs. So in terms of the perfect model within the context of our organisation is probably removing the interfaces and improving the management reporting that would be our perfect model because we have already achieved big efficiency gains.

4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.

Payroll has a limited opportunity to drive strategic decisions because it is always a secondary function within an organisation rather than a primary function so it tends to sit under a finance umbrella or an HR umbrella or a hybrid of the two as in our organisation there are secondary opportunities for Finance or HR. If you put it within an historical context what is pretty clear is that is that payroll always used to be a high cost activity but with the utilisation of technology over the years this has been able to be a justification for having computerised payroll systems is that it was self funding so it was cost justified and the problem we have now with the development of enhanced and even integrated payroll systems is that it is very difficult to justify on pure financial terms and we have to be looking more at the soft or non financial factors which would drive those changes. So I think the strategic decisions or drivers would be driven by the primary functions whether that is Finance or HR to demand that payroll systems be modified to assist the implementation of its strategic change and drivers.

The comments I have made for my own organisation, but having worked for seven other organisations across four different sectors including the public sector I think the view of payroll does change it can be driven by whoever has responsibility for it. But like most organisations that has to be set in a time

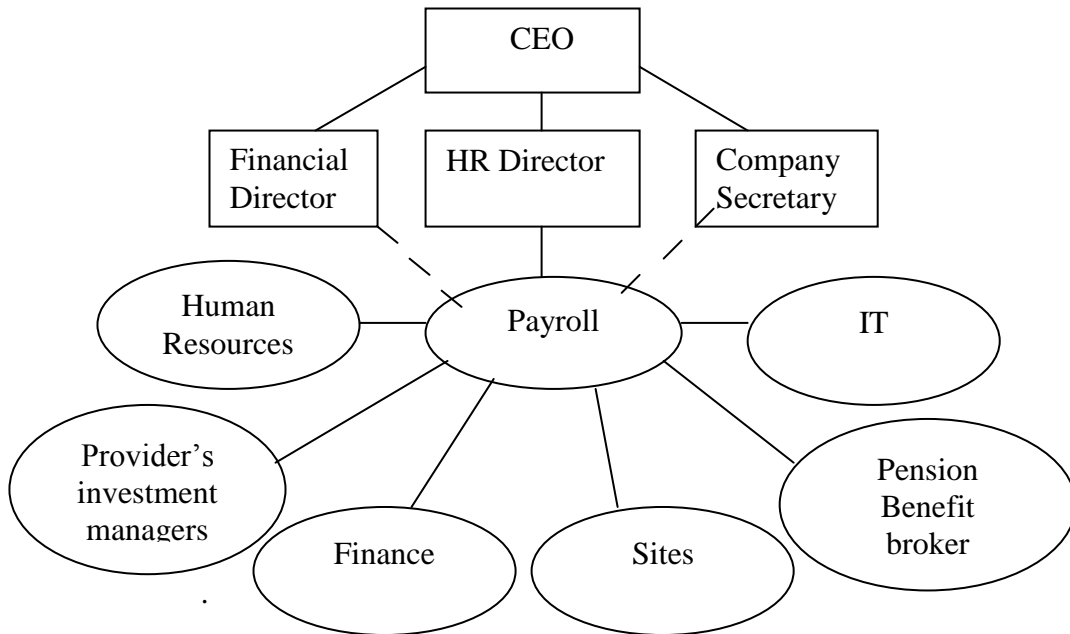
context as in what strategic place is that organisation is in and whether the payroll systems can form part of the change process for e.g. in a organisation that is looking to change its model from a decentralised to centralised bring about change or cost cutting, payroll may be used as one of the more transparent elements and more a symbolic representation of that change programme. In that sense payroll can be seen as a strategic change because it set the tone at the top that the organisation means business to change how things have been done but in my experience the big drivers for those changes and using payroll in that way are as I have said earlier are for historical reasons are for cost cutting reasons supported by management control and management reporting. But something that cant be separated form that is the Human aspect in individuals making a name for themselves as part of that change process or within the organisation. So that will be people managers or leaders who will be delivering the change programme of which they will use the payroll to signify that change so that means payroll can be part of the strategic driver. I don't think payroll per se is the strategic driver, it is merely a critical function that can facilitate and demonstrate that strategic change within that organisation.

5. How does your organisation provide payroll services?

Within the UK across the 42 sites and some former 16 trading subsidiaries which have now been consolidated into one all payroll and is provided in house by a dedicated payroll officer using the one payroll system. The organisation has had experience of using external bureaus but these have been brought in house for two main reasons one for control and consistency and the other for cost reduction reasons

6. Can you describe the structure?

The structure is simple, one payroll officer is responsible for the payroll system supported by the IT department of eight professionals, supported by an HR director for Europe and dotted line support from myself as company secretary to ensure consistency in the context of not only payroll, HR and also other pension and benefits which are captured driven and processed through that payroll system.



7. How is the model driven in terms of vision and leadership/direction?

It has historically been driven by cost reduction, control and consistency and the improvement of management reporting. It has also been influenced by the vision of IT director and IT steering group, comprises number of same board e.g financial director. To have integrated systems wherever possible. It is also driven by the experience and motivation of the payroll officer themselves in terms of bringing in best practice and making a difference by trying to add value to the business from the payroll system such as improved management reporting and easier interfaces with other third parties such as pension service providers and other employee benefits.

8. What is your organisations key strength/core competence?

Core strengths are around the processing and trading of commodities, it affects the culture of the place where people are focussed on a trading type culture squeeze as much value out of all transactions wherever possible and try to get additional benefits so we will think nothing of going to a BACS provider and asking them to reduce their cost because we have a better price or asking people to give more input or services for the same money so that culture does rub off within the organisation. Also, the commercial drivers of the organisation means that there is certainly consideration of the impact right across the organisation. Especially through the IT steering committee and formalised

HR strategy and plans for the business of which payroll is a key part so it means in terms of as the company grows through acquisition it has clear plans of how it incorporates the acquired company's HR and payroll systems into a standard proven model on a single integrated platform

In terms of experiencing other organisations including the private sector, my current organisation probably highlights the access to market forces compared to previous organisations where they have been more isolated from those market forces and where they have been more reluctant to drive better bargains with service providers and being bold enough to say no to people when they ask or place more demands on the payroll function for no cost or revenue but actually cost the organisation to provide the information or

services that they have been requested to either internally from internal departments or even externally by third parties.

9. What would you say your organisations current market position is?

Globally the organisation is number one in the world for provision of recycling services and over the last 6 years it has been developing new products and service offerings because the traditional buying processing trading side of the business has been well established over 90 years and of the key markets it is in it operates as number one or two in the market place within North America, APAC, Europe, that said its new services has taken it into a new area recycling Electronics, providing service to blue chip manufacturers whose service demands is putting more strain on the organisation as their demands for information is that much greater. Trying to see it in the context of payroll other than reducing the cost basis and giving better management reporting compared to other organisations I have worked in such as the IT sector selling systems, the view there would be that selling payroll systems would be just a bolt on to a financial system and if you were selling purely payroll you would be competing with purely stand alone payroll systems that dominate the market place or would dominate third party providers who are already operating on their own system but that market is certainly changing and we have looked at that internally within my current organisation to outsource payroll and that's one of the benchmarks of a commercial organisation to see would ask yourself could we buy it cheaper and better externally and we have comfort in our existing arrangements that we could not buy it better or cheaper externally at the moment purely from a payroll viewpoint, but the issue there is probably that when people look at payroll they view it in isolation rather than seeing it as part of a wider system but that may well be driven by the size of the enterprise and the number of people on the payrolls so the bigger you get the payroll becomes more likely to be bought as a stand alone function or package or system where the smaller you are its more of a bolt on or something that you outsource because its disproportionate to the size of your organisation but as technology in the markets develop it appears that even the bigger stand alone systems are now developing into fully integrated systems in order to differentiate themselves in the market place because the cost savings that they could have historically offered clients are no longer as substantial or as transparent.

10. What's your view of your organisations model

SWOT

Strengths

Payroll is part managed by HR rather than by Financial function although it still has a dotted line. We get better management output and better Integrated into HR and IT systems rather than just focusing purely on the financial reporting aspects

We have an integrated IT platform that the payroll system integrates directly into the financials and that data is exported into the stand alone HR system and is used to produce whatever ad hoc reports are required.

Weaknesses

Interfaces are too numerous, Input from 42 sites, manual interfaces rather than being self service

Not integrated into HR still keeping and reliant on export reports

Opportunities

Complete integration into the other systems, expand into Navision system to develop its own HR offering. Also train and develop the site staff so that they could either self serve. The other opportunity available is to outsource the systems and services time line continuum in that company start up at small level then outsource, as they grow the organisation finds itself at a cross roads whether to develop and maintain the system in house or outsource it. For many organisations including our own you can be stuck in the time vacuum at the crossroads and can go either way. This can driven by the personnel and by strategic requirements of the business. Whether they want to be pushed to go down one route or another so the drivers for change as mentioned earlier could be from a number of sources whether that be Finance, IT, HR or Payroll. This will be influenced by a combination of external market factors and internal political factors for the need to change and for people to make their mark on the organisation. With reflection, however in certain organisations this crossroads decision has historically always been based on financial cost purpose but more and more organisations want to gain better, control and management information and systems integration. I would be minded to think that time would prove that the payroll model to maintain in house or outsource, would be akin to the actual experience and case studies of organisations making similar decisions whether to centralise or decentralise central or shared services. The big difference is that by you should use the change to bring about the change you want to deliver. The organisation has the political appetite to bring about change justified on the back of some bigger motive, whether that be for survival cost efficiency, no one size fits all solution, decision on the SWOT analysis has to be seen in the context of a time and environmental continuum.

Threats

The biggest threat is the people and the culture of the organisation embracing the technology and having the skills and competencies to utilise it. To reduce time and wastage through re-keying and inputting rather than relying on automated systems.

We have a bigger dependency on internal payroll system and internal IT which increase risk in case of system failure or sabotage, limited continuity and risk control.

- a. What are the key success factors/strengths weaknesses attributable to your model?
- b. What doesn't work well/ what are the threats?
- c. What are the key opportunities/ improvements to the payroll service you may have planned?

11. Is the current payroll service cost effective?

Within our organisation recent bench-marking and cost analysis would suggest that the payroll is cost effective. Given that we have one full time member of staff supported by assistance from an HR officer. In terms of transactional costs you have to be careful as to how you incorporate those transactional costs because if the organisations systems become more developed and complex, more indirect costs that don't always get attributed to those transactional costs. E.g., management of function, reliance of IT support and the systems they use that underpin the payroll service.

Careful when analysing the actual payroll cost to ensure the cost benefit model is expanded to incorporate the indirect costs of operating a payroll service and to include the soft or non financial factors which can be difficult to quantify and may be better analysed in terms of improved effectiveness to the business and the impact on the risk profile of the organisation looking if it can perform better with or without services rather than looking at a pure financial cost benefit analysis. That is probably one of the biggest challenges to the modern strategic manager in evaluating their payroll system. Within the context of the culture and strategic vision and imperatives of the organisation at any given time, ultimately most organisations will require a leap of faith to make a decision and justify it by whatever means are necessary to maintain peoples positions, reputation and power base.

		Participant 1	
Interview Questions		Open coding	Themes
iii)	Please describe your organisation and your role in connection with payroll?	Interim client officer for the Human Resource and Payroll Joint venture contract Relationship with the Merseyside Shared Service Group Looking ahead to the future of local authorities Shared service perspective A role in promoting Executive recruitment	Senior Officer Joint venture Relationship Future of LA's Shared Service
iv)	Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment	Includes 16500 fte staff 8000 through traditional LA services and 9000 in schools IT platform is an Integrated Human Resource and Payroll System Oracle version r12 Monthly and the payroll function is located centrally Self service access provided to the majority of employees. main partner for the payroll model Formation of a Joint Venture Prominent telecommunications organisation Local authority, 80/20 split on profit returned Promotes Contract innovation Development of services New business customers. Payroll and pensions 34 fte employees Seconded Systems support team Service centre First point of contact calls, Recruitment Employee relations team Intranet site. Bacs payments two routes, 1. internal bacs. 2. external via a third party Bacs software solution. Finance is managed outside of the Joint Venture Company interfaces are built to supply Oracle to SAP Overpayments Third party payments via internal non JV system Externally via external customers finance systems.	Large Org Integrated platform Oracle Self Service Partner strength Innovation Development New Business Back office support Call centre Internal and External BACS Peripheral systems Interfaces Separate system for payments

1. What is the absolute minimum model needed for you to provide payroll services in your organisation?	<p>efficiently run, 99.9% of transactions delivered on time and accurately. Perception exists When you need help you pay through the nose for it. About how you deal with this perception Contractor have charged for this Contractor behind you This does not reflect on the 99.9%.</p>	<p>Efficient Timely Accurate</p> <p>Not additional charges</p>
2. How could this be enhanced?	<p>Structure – individual contact is most important. Service Centre Another name for contact for discussing day to day matters Who do you speak to How quickly if something goes wrong Relationship the JV has with schools Reputation if we get the price wrong Influence the service if you don't control the price?</p>	<p>Individual contact Relationships Control the price</p>
3. How would describe the perfect model for payroll?	<p>Driven by finance! Executive Director has a big influence on the contract Pay people accurately and on time, Benefit of having payroll online Reports available. Reducing paper as an example You continue to enhance the payroll. Impact becomes political, Look at the touchy feely issues Implied term to pay accurately. Not will pay you later. If something is right it needs to be done JV devolves to host of expertise. HR strategy assumption of confidence in the supplier. Challenge is that if the supplier is doing that challenging back or affecting the customer.</p> <p>Exercises that decrease the efficiency –distribution and paper v electronic payslip is an issue</p>	<p>Accurately Timely Online payroll Reports available Reduce paper</p> <p>Touchy Feely issues Host of expertise</p> <p>Not to have supplier challenging customer back</p>

4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.	Contract Expertise from the contractor Control comes responsibility, Dedicated secondees spot issues	Expertise Control responsibility Dedicated staff
5. How does your organisation provide payroll services?	Payroll part of whole model for HR and Payroll Linking into other services Public /private partnership Aspirations Competitive market Providing related areas Define payroll Not just a transactional function, Links to IT, HR, Reporting, structure, and Broad area that customers want Don't want to be asking for information from several sources Having to use several systems Paying for additional reports that they forgot to specify in the original contract.	Whole HRP model Links to other services Partnership Services to related areas Broad customer needs Several systems Report charges
6. Can you describe the structure?	Joint venture board Public Private Client Contractor Key service provision New Business Back up Functions	Joint Venture Company Service provision New business
7. How is the model driven in terms of vision and leadership/direction?	Contractor Offering to the council Affected by the length of the contract 2017? Beginning of the contract new innovation Investment is great. Along the way Change is spotted Ability to go elsewhere More pressure Contractor to deliver End of the contract Client can have more confidence New arrangements. Way forward may be via Oracle and shared service Tied into a contract Huge opportunities exist for the Joint Venture Partner Its contracting organisation who	Contractual Innovation Investment Choice Customer confidence Oracle shared service Huge opportunities

	sells and delivers the product	
8. What is your organisations key strength/core competence?	<p>What Oracle can deliver</p> <p>Its not there yet</p> <p>Deliver access to managers!</p> <p>Visions and aims of the organisation</p> <p>Communications between managers</p>	<p>Oracle capacity</p> <p>Access to managers</p> <p>Communications</p>
9. What would you say your organisations current market position is?	<p>Performance</p> <p>Success rate,</p> <p>Does not need to be changed</p> <p>Does not matter who provides the extra value.</p> <p>Industry benchmark</p> <p>What do we want to do as a payroll service, Merseyside Shared Service Partnership.</p> <p>Payroll service as part of our contract corporately?</p> <p>Rely on accuracy and updated information</p> <p>Forecasting purposes</p> <p>From Oracle.</p> <p>What we understand payroll to mean</p> <p>Host of other pieces of information.</p> <p>Rely on data from Oracle.</p> <p>Data needs gathering</p> <p>Compared across partners health service</p> <p>All payroll applications capable of producing the same information in a way that it can be compared.</p> <p>Extension</p> <p>Sub regional agencies</p> <p>organisations the capacity for innovative change</p> <p>React to the market needs</p> <p>Market is the corporate body</p> <p>Business units or the collection of local authorities in the city region or the 22 in the north west</p> <p>Can it respond</p> <p>Can it lead.</p> <p>Where does the council want to be</p> <p>Lead in the shared service partnership, What does it offer the other 5 councils</p> <p>Wirral already leads on the pension fund, Does it offer a better options</p> <p>Is it cheaper</p>	<p>Performance success</p> <p>Capacity for innovative change</p> <p>Ability to react to market needs</p> <p>Ability to lead with shared service</p> <p>Better options</p> <p>Cheaper</p> <p>Opportunity for long term discussions re future</p> <p>Similar but different systems</p>

	<p>Does it bring a better economic proposal Other things other than being cheap.</p> <p>Don't know where payroll is positioned in the market</p> <p>Don't know what others provide.</p> <p>Council to consider it is currently under a contract</p> <p>Have to endure for a while</p> <p>Region the considerations need to be held now</p> <p>Planning ahead</p> <p>Opportunity for longer term discussions</p> <p>Discussions around how we gather data Oracle vehicle</p> <p>Performance monitoring</p> <p>Authorities have similar but different systems</p> <p>Opportunity is to plan on the long term Decide on the system.</p> <p>They have one in NHS and in Knowsley</p> <p>Looked to the private sector for theirs</p>	
10. What's your view of your organisations model?		
a. What are the key success factors/strengths weaknesses attributable to your model?	<p>Strengths/weaknesses</p> <p>Financial backing of the partner</p> <p>Innovative change,</p> <p>Weakness</p> <p>The client appears getting less getting the same service</p> <p>Dire towards the end.</p> <p>We are getting a great service with less people</p> <p>Offer is so good then why have all our schools walked away</p> <p>Don't we control the price</p> <p>Service in itself is a strength</p> <p>Know the price</p> <p>Price could be increased for those schools that have gone</p> <p>Lead in the future we need to have the schools back.</p> <p>Omission in your CV</p> <p>Sell yourself and secondary schools are not with you</p> <p>Not all about cost ,</p> <p>Reputation,</p> <p>Initial business like reaction to the contract</p> <p>Turn off was we cant give you a</p>	<p>Investment backing</p> <p>Innovation</p> <p>Less for same costs</p> <p>Control the price</p> <p>Return of schools</p> <p>Reputations</p> <p>Human aspect/account manager</p> <p>Self serve reports direct from the system</p> <p>One system</p>

	<p>named person.</p> <p>Most companies we have an account manager and schools welcome that.</p> <p>easy to produce statutory reports/surveys/management reports,</p> <p>We should be able to generate all of this out of the system but we cant!</p> <p>Information is important to us if we want to lead in the future.</p>	Capture information
b. What doesn't work well/ what are the threats?	<p>Client can challenge the contractor</p> <p>Builds up bureaucracy around the client</p> <p>Use the resources elsewhere.</p> <p>Waste a lot of money on client roles.</p>	<p>Bureaucracy</p> <p>Bad use of resources</p> <p>Too many client roles</p>
c. What are the key opportunities/ improvements to the payroll service you may have planned?	<p>Opportunities</p> <p>Support the statistical information Reporting to companies,</p> <p>Much wider service</p> <p>Take on private sector</p> <p>Reporting on regional figures.</p> <p>Define payroll,</p> <p>produce an itemised payroll and put the money in the bank easy for the private sector</p> <p>Payroll for me is just people who gather all of the data a</p> <p>Strategic role,</p> <p>Not like this at the moment - relationship issues.</p> <p>Don't know if this organisation knows what information it wants on an ongoing basis and if it wants to pay for it.</p> <p>Training packages,</p> <p>Other orgs</p> <p>Links to payroll</p> <p>Reports,</p> <p>Links to statistics</p> <p>Performance management framework.</p> <p>Job competencies</p> <p>Notes for individuals</p> <p>Online,</p> <p>Save and go back to it</p> <p>Comes together with the manager</p> <p>Whole electronic exchange</p> <p>opportunity to press a button</p>	<p>Reporting</p> <p>Gathering strategic data</p> <p>Relationship issues</p> <p>Additional system facility</p> <p>Self service extended</p> <p>Cater for all needs</p> <p>Reputation</p> <p>Perceptions dangerous</p> <p>Improvements to system with new business</p>

	<p>Get results. Programme of training events for a whole department. Infrastructure in place Deal with all the needs Next contract is crucial. Move away from the loose talk About profits because that affects reputation.</p> <p>Use the Oracle user group more. Contractor get a better reputation Localised issue Perceptions can be dangerous. Improvements to the system on the back of new business</p>	
11. Is the current payroll service cost effective?	<p>Don't know what it costs Don't know what we are comparing it against. Interested? No Very few issues, Very few mistakes. Broader sense Cost effective Capable of doing a lot more How much more do you have to pay Extra benefits. Cost effectiveness Extra stuff Rather than the existing. Relationships and both the client and Contractor could do a lot more. Is it a Joint Venture or is the contractor or something else?</p>	<p>Not interested Contractor issue Few issues Few mistakes</p> <p>Capable of a lot more</p> <p>Improve relationships</p>

	Participant 2	
Interview Questions	Open coding	Themes
i) Please describe your organisation and your role in connection with payroll?	<p>Employed for this organisation for 26years. Commissioning Officer Partnership arrangement Public Private Prior to the contract I was the Payroll Operations Manager, involves a management control of the contract, Establishment controls Management information Separate teams for the client and the contractor. Payroll is linked into so many</p>	<p>Middle management</p> <p>Partnership</p> <p>Public /Private</p> <p>Not just transactions</p>

	things Its not just about transactions.	
ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment	<p>12500 employees on the payroll, 620 pensioners for teacher's pensions, 2 on the Local government pension's payroll, 69 councillors, 18 children's payments for children in care One external customer with 561 on the payroll</p> <p>The model employed is a partnership Services (operations) for HR, Payroll and Pensions</p> <p>TUPE</p> <p>Specification of requirements</p> <p>Reports,</p> <p>Key performance indicators,</p> <p>Change control</p> <p>Improving the quality,</p> <p>Implementing continuous improvement</p> <p>provide 200 jobs in the local area</p> <p>10 year term of the contract.</p> <p>Commitment to streamline the HR and payroll service</p> <p>Bring in new customers.</p> <p>Northgate</p> <p>Contract to maintain this with Northgate is due to expire in 2009.</p> <p>26 Payroll and Pension officers</p> <p>HR transactional</p> <p>Four other systems that feed into the HR and Payroll system</p> <p>EMS is the link to schools data</p> <p>Pay claims 1 and 2</p> <p>Feeder system</p> <p>weekly pay</p> <p>Absence feeder system</p> <p>Oracle financials.</p> <p>Internal BACS processes</p> <p>Third parties who are paid via cheque.</p> <p>Not a bureau</p> <p>Partner has bureau status</p> <p>Their capability and will transform payment transactions for us.</p> <p>Debtor's recovery</p> <p>Payroll are located locally are considered an issue in terms of cost and prime location.</p>	<p>Large organisation</p> <p>Multiple payrolls</p> <p>Partnership model</p> <p>Contract</p> <p>Client</p> <p>TUPE</p> <p>KPI</p> <p>Continuous improvement</p> <p>10 yr contract</p> <p>New business expectations</p> <p>Large payroll resource</p> <p>Multiple systems</p> <p>No integrated</p> <p>Commercial partner</p> <p>Location</p>
1. What is the absolute	Paid accurately and on time.	Accuracy

minimum model needed for you to provide payroll services in your organisation?	Payroll will need input from HR. payroll can still run on its own but will still need some HR input Formerly with the finance department	Timely Independent
2. How could this be enhanced?	More automation of basic functions, Reduce paper transactions, better audit trails, easier systems for staff to make claims for pay, More access to the system for managers and employees, In the partnership model we want access for the client to view and monitor the contract deliverables	Automation Reduce Paper Self Service Reporting
3. How would describe the perfect model for payroll?	A system that is adjusted for our needs Partnership has money to invest. Shared services to reduce payroll costs – create one payroll. Councils need to protect Costs. Shared service option allows more heads to deal with problems and issues. HR impact on payroll performance and viewed payroll in the sense of “sorting them out”. Issues/ blockages were from the managers and employees submitting information. Unions had an influence on payroll	Bespoke Investment Shared Service One Payroll Performance Impact
4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.	Payroll has an impact on the council's budget. Payroll has been involved in proposals to save money. Schools want to leave the payroll service in search of savings and quality	Budget impact Cost savings Capture customers through reduced costs Better quality
5. How does your organisation provide payroll services?	Internal BACS processes Third parties who are paid via cheque. Not a bureau Partner has bureau status Their capability and will transform payment transactions for us. Debtor's recovery Payroll are located locally are considered an issue in terms of	Internal BACS Cheque Location issue

	cost and prime location.	
6. Can you describe the structure?	Partnership arrangement Public Private	Partnership
7. How is the model driven in terms of vision and leadership/direction?	Transaction, knowledge, Tasked Partner with streamlining the service. Workshops on how processes are done, Email solutions Reducing paper t Create sustainability of payroll for the future Partner to create new business opportunities Small % return for the council, Council is not actively looking for new business.	Transactions Partnership streamlining Business opportunity Returns for client
8. What is your organisations key strength/core competence?	Leadership Direction	Leadership
9. What would you say your organisations current market position is?	Partnership payroll service Key market position	Partnership
10. What's your view of your organisations model?		
a. What are the key success factors/strengths weaknesses attributable to your model?	Funding Investment Partnership. New innovations Staff feel valued	Investment Partnership Innovation Valued staff
b. What doesn't work well/ what are the threats?		
c. What are the key opportunities/ improvements to the payroll service you may have planned?	Continuous improvements Look at the system Being used in the best way Identify and overcome set up issues, improve service to schools and corporate customers Introduce a front end recruitment package On line expenses reduce paper trail	System Improvements Service improvements Online expenses Reduce Paper
11. Is the current payroll service cost effective?	Unsure Price of payslip quite high, Schools it was based on pupil numbers,, Schools don't think we	High Payslip cost Investment from Partner

	are, May not be competitive Invest to save money Partnership	
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	Participant 3	
Interview Questions	Open coding	Themes
i) Please describe your organisation and your role in connection with payroll?	Local Government Council Hr and payroll combined One payroll Separate person for HR Responsible for payroll and pensions Not invoices Responsible for ICT functions Functionality and programming Strategic person Service level agreement 60 staff in HR Payroll people do a bit of everything 7000 staff	Local Govt HR and Payroll Strategic person Payroll multitask
ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment	IT Platform Resource link Northgate Hardware in house Robust contingency plans Reciprocal agreement with other authorities Internally written HR system Internally written financial system Some interlinks between systems Schools have own system Developing links Little manual intervention Two monthly payrolls Two weekly payrolls Separate payroll for external org Internal BACS	Northgate In house Robust contingency Shared service Link with other systems Multi frequency payrolls Separate payroll for ext customer
1. What is the absolute minimum model needed for you to provide payroll services in your organisation?	Run a payslip Store history Generate a payment file Generate a ledger file Pass to someone else Paper Acceptable format	Basic calculation Basic payment Paper Other acceptable format
2. How could this be enhanced?	System feeding everything Adjusts every system One point of entry	One system feeds everything
3. How would describe the perfect model for payroll?	Combined HR and Payroll Payroll led Recruitment issues	Integrated HR and Payroll

	<p>Fire fighting No payroll expertise All systems fed off it Do it once One supplier No interfaces Existing system offerings don't work Northgate is one of the better ones Modules should have standards Some modules good others not Shared service model responsibility Money oriented Additional charges for extras Don't want to give it to someone else Why outsourcing when we have knowledge Outsource if broken Cost saving false economy Fashion Make the system fit Just use our hardware Licenses cheaper with more users User groups</p>	<p>Do it once No interfaces One supplier Standards built into modules Shared services Keep in house Outsource false economy Make system fit</p>
4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.	<p>This organisation HR are fore runners Payroll are "widget" processors HR manager fear of payroll Leap into unknown Political issue Move away from national agreements Local agreements Aid retention programmes Council will not spend the money</p>	<p>HR forerunners Payroll processors Need for change Locally negotiated pay Investment resource needed</p>
5. How does your organisation provide payroll services?	Within our own organisation only	In house only
6. Can you describe the structure?	<p>CEO Director of HR Three service areas Head of Technical and pensions Principal Officer Assistant Pensions Payroll officers</p>	Three management tiers
7. How is the model driven in terms of vision and leadership/direction?	<p>Corporate agenda Fire fight to deliver others agendas HR agenda to support others Payroll efficiencies and costs Nothing hard and fast for payroll Direction from me in payroll Not from the CEO</p>	<p>Corporately driven HR agenda Support others</p>

	<p>Political comes from the community wants and needs Innovations networks feeding upwards One tier between me and CEO</p>	<p>Development from within payroll Political Innovation networks Small communications gap</p>
8. What is your organisations key strength/core competence?	<p>Relations ships Distance between me and director Communications Look after our people Committed people People that are specialists</p>	<p>Relationships Communications People Knowledge base</p>
9. What would you say your organisations current market position is?	<p>Reduce your costs as a customer Sell payroll as whole product Not exclude anything Small but efficient</p>	<p>Payroll as a whole product Small Efficient</p>
10. What's your view of your organisations model?		
a. What are the key success factors/strengths weaknesses attributable to your model?	<p>Strengths Small numbers of people, Key focused small structures, Good communications, Good IT systems Local knowledge We are knowledgeable.</p> <p>Weaknesses Risk averse mostly political, My manager is not very generic, We do not have a combined HR and Payroll system Still duplicate entries Lots of checking Issues of accuracy Managers knowing end to end job Downside very in depth and specialist knowledge is weakened. Better if it was centralised, Team that focused on welfares Team that focused on car mileage. Losing it in the other areas Depends on what the fashion is. Car mileage claims are input manually not good Developing Most of these are not of a high magnitude they are more minor weaknesses.</p>	<p>Small Knowledge base It platform Politics Risk averse Separate role thinking Duplication Accuracy Centralise team Manual entries</p>

<p>b. What doesn't work well/ what are the threats?</p>	<p>Threats Some other competitor provides the service! We are not commercially focused Local government threats Not the same as the private sector.</p>	<p>Competition Not Commercially focussed Different to private sector</p>
<p>c. What are the key opportunities/ improvements to the payroll service you may have planned?</p>	<p>Opportunities Quality control Everyone is busy Don't see what mistakes they are making Often takes an outsider to see them. Online system Get employees doing the car mileage themselves. Managers, not an opportunity for them, It would work someone else in to help them Would reduce the work, Manager of a kitchen does not need a PC they just sign a piece of paper. Not PC literate Would have to be trained but they have other priorities Spend our lives looking at a computer screen Rather pick up the phone and speak to you and capture what I want in one phone call The human element is very important, Technology is going to come back and hit us, Personal touch, Manual knowledge is gone. Technology does massively save money and time Driving the efficiencies. School leaver to do the admin job so that we save money Responsibility and people don't understand the full picture Taken out the critical elements. CEO is not pushing outsourcing Main concern is getting it right Rather than just reducing the costs. Larger organisation the controls become diluted Chinese whispers get worse. 4th tier of the organisation they don't have a clue what they are doing and the bad rumours come from that big area.</p>	<p>Online system Employees self serve Human aspect Too much Technology Personal touch Technology saves time Driving efficiencies Understanding the broad picture Large org loses sight of controls</p>

	<p>Invest in our online systems Bring service in and become a provider.</p> <p>Make improvements over the next two years Online system, Payslips, Personal details, Car mileage Expenses, overtime and timesheets, Removing weekly paid to a week in arrears. Not move to monthly and the organisation will not pay them to move. Still have cash payments.</p>	<p>Invest in our systems</p> <p>Self service</p> <p>Cash payments</p>
11. Is the current payroll service cost effective?	<p>Not the cheapest CIPFA benchmark Don't believe in the benchmark. HR staff More of a management tier Do have to be included because they do have an input.</p>	<p>Benchmark</p> <p>Includes HR staff</p> <p>Not the cheapest</p>

	Participant 4	
Interview Questions	Open coding	Themes
i) Please describe your organisation and your role in connection with payroll?	<p>Joint venture company contractor Large telecommunication company Provide efficient services Local government organisation Exploit technical advances Business support manager Oracle system Support HR and Payroll Strategic management of Oracle</p>	<p>JV Partnership</p> <p>Local Govt</p> <p>Technical advances</p> <p>Oracle system management</p>
ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment	<p>Business support team senior manager Oracle system Fundamental to payroll Team of 8 staff Payroll Employee relations Recruitment Functional and technical IT 3 strands of activity Offering differs depending on client Main customer – intranet, self service, service centre and back office External finance Schools Public /private organisations. Direct access to the back office No contact with our service centre.</p>	<p>Support team Senior manager</p> <p>Payroll Systems Team Recruitment Relations IT Intranet Call centre</p> <p>External systems</p> <p>Schools</p> <p>Direct customer access</p>

	Change control system	Change control
1. What is the absolute minimum model needed for you to provide payroll services in your organisation?	Experienced resources Front end service desk First point of contact Eye on the future Where it is heading Scalable	Experience Model offered Future Direction Scale
2. How could this be enhanced?	Fails Breaking our own rules Advocate simplicity and Strength Success in shaping customers processes Cost savings Allowing customers to influence us Bespoke reporting/self service supplied Concentration on revenue Need to consider long term effects How our model should look Trust senior managers in their assessments What is achievable Pace activities Invest in resource & development Proactive rather than reactive Service improvements v. new business Strike a balance	Simplicity Strong with customers No bespoke work Income Consider future model Investment Balance of new business growth and development
3. How would describe the perfect model for payroll?	Depends on nature of business Different objectives Current model is sound More about execution Meeting objectives Exceeding customer expectations Staff motivated and developed Not an identikit	Market sector Execution of model Exceed customer expectations
4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.	Allowed to act like HR Business Partner Work our boundaries Nature of work Witnesses first hand impact of HR policy Confuse customer on boundaries Focus on identifying large business projects Self service	Act like a n HR Business Partner Involved in HR policy Self Service Saving money for

	Saving money for both parties Time and focus	both
5. How does your organisation provide payroll services?	Mixture of services Customer profile Fully managed Employee self service Model and resource levels lean to self service	Various services Self Service Resourced to self service
6. Can you describe the structure?	Customer groups Intranet Service centre Self service Oracle reports Back office functions Change control	Manager self services Multi HR service
7. How is the model driven in terms of vision and leadership/direction?	Annual strategic targets Derived from customer and partner High revenue objectives High cost saving objectives Not clear how its achievable Contradictions Conflict Strating to take its toll	Annually Customer requirements Unclear on cost saving
8. What is your organisations key strength/core competence?	Successes to date Experienced staff Partner commercial profile Technical expertise vital	Track record Staff Technical
9. What would you say your organisations current market position is?	Newcomer Little experience Partner links a bonus Opportunity to exploit partner links	Partnership
10. What's your view of your organisations model?		
a. What are the key success factors/strengths weaknesses attributable to your model?	Strengths Our links and association with our partner Ability to overcome issues with the brand name EHR transformation, Self service Does payroll belong in HR? Finance can bow out of the politics Payroll is clearly or closely linked to HR, See the human side of issues. Finance a new process relating to payroll, Not the human element "cant do that", " not ethical" may not link into ethical issues Awareness of policy and impacts on	Partner links Electronic advances Payroll in HR Not Finance Awareness of policy impact

	<p>payroll Style of the managers</p> <p>Weaknesses</p> <p>Brand name</p> <p>Not found to be scalable</p> <p>Based on the world 5 to 6 years ago</p> <p>Headcount was based on that world.</p> <p>Future headcount should be or the model. “when it gets to the state where we need additional resource we will tackle it as and when it gets to that state”</p> <p>“give me a business case”</p> <p>Learning and development (training) needs to sit along side</p> <p>Manage the training requirements.?</p> <p>Not payroll</p> <p>training on self service</p> <p>Do as minimum as possible and this means that the more businesses that are turned on the more problems.</p> <p>Needs to be looked at in a more sophisticated way.</p> <p>Politics is a weakness.</p> <p>Costs passed on to the customer for reports is wrong.</p> <p>Going to Market with the product, Either offer it or do not.</p> <p>Early customers are being penalised for a lack of up front development.</p>	<p>Brand</p> <p>Innovative</p> <p>Resource</p> <p>Business case</p> <p>Integrated modules offered</p> <p>Training for the right model</p> <p>Too many projects</p> <p>Better analysis</p> <p>Politics</p> <p>Charging of customers</p>
<p>b. What doesn't work well/ what are the threats?</p>	<p>Threats</p> <p>External competition,</p> <p>Commercial partner</p> <p>Agenda of the parties involved.</p> <p>Relationships of those involved</p> <p>Oracle release 12</p> <p>Shared service agenda,</p> <p>Potential to treble the payroll size without the current payroll being developed and maintained.</p> <p>Competition and too much diversification, Jack of all trades and master of non</p> <p>All things to all customers</p> <p>There are too many niches.</p> <p>Market sector strategy of schools new business</p> <p>Looking at ONS</p> <p>Develop skills in consultancy - no resources.</p> <p>Developing our own system but not</p>	<p>External competition</p> <p>Relationships</p> <p>Oracle</p> <p>Shared service agenda</p> <p>All things to all customers</p> <p>Non market sector work</p> <p>Deciding on</p>

	<p>understanding enough about imminent decisions, which make our plans wrong. We do not focus on anything! Internal – lack of resource Development staff turnover Motivation Climate – staff survey results</p>	<p>innovation Not enough focus Lack of resource Motivation</p>
c. What are the key opportunities/ improvements to the payroll service you may have planned?	<p>Opportunities Self Service exploited Exploit public sector market sector first . Exploit Oracle connections Managed in a way that you want them to be managed Schools, Small medium organisations, Planning Scale of opportunities.</p>	<p>Self service exploited Exploit Oracle connections Schools Check scaling</p>
11. Is the current payroll service cost effective?	<p>No information speaks volumes Profit does not indicate cost effectiveness Compare charges in market place Is model too diverse Standard shared service concept Lower costs Attract more customers Lower cost to detriment of quality Long way to go Processes reviewed before we know we are cost effective Identify year on year improvements Fail to commit adequate resource Not plans but a wish list Staff who can identify improvements Staff who are motivated Good sign</p>	<p>Lack of information Comparison of charges Shared service concept Quality loss Adequate resources not committed Motivated staff</p>

	Participant 5	
Interview Questions	Open coding	Themes
i) Please describe your organisation and your role in connection with payroll?	<p>Joint venture company Financial benefits Client contractor Range of services Head of service Payroll fundamental part of activity 21000 customers on payroll Internal and external customers</p>	<p>Org Type Org. Size</p>

		Industrial Sector
		Role Seniority in Organisation
		Role Focus
		Benefits and Features
ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment	<p>Oracle HRMS</p> <p>Intranet site</p> <p>Various Oracle functions</p> <p>Financial Interfaces</p> <p>Feeds other systems</p> <p>Service (call) centre</p> <p>Back office functions</p> <p>66 staff</p> <p>34 payroll and pensions staff</p> <p>Supported by an ICT platform</p> <p>Third party BACS</p> <p>Document imaging</p> <p>Email recognition/routing</p> <p>Change control system</p> <p>Internal expenses</p> <p>External expenses</p> <p>I learn</p> <p>Excel reporting</p>	<p>Type of system</p> <p>Mainframe</p> <p>Networked</p> <p>PC based</p> <p>Internet</p> <p>Hybrid</p> <p>System Links</p> <p>Fully single integrated system</p> <p>Linked or interfaced System</p> <p>Standalone systems</p> <p>Hybrid (partially integrated or interfaced standalone systems)</p> <p>Dedicated Payroll Staff</p> <p>Payroll linked</p>
1. What is the absolute minimum model needed for you to provide payroll services in your organisation?	<p>Manual paper based</p> <p>Input from other non payroll</p> <p>Labour intensive</p> <p>Confined to payment</p> <p>No pensions</p>	<p>Manual</p> <p>Paper</p> <p>Manual Input</p>

	No enhancements	
2. How could this be enhanced?	Self service automated All customer enhancements Take out transactions and paper Streamlined processes Attractive User friendly Suitable for future	Automated input Pure Payroll Enhance automation of payroll transactions Self service Future proof User friendliness System functionality and development potential
3. How would describe the perfect model for payroll?	Combination of service centre and golden number Basic customer information Fully automated Self service Fully trained staff Range of customers No repeated set up work Draw down off the shelf product More investment More development Opportunity with shared service Lead in field Further investment Stagnated Diversify Basics right Flexibility Range of customers Ranges of services with boundaries Easily available product	Fully automated Standardised system Shared Services Flexibility
4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.	Payroll model can support HR HR can support payroll Integration of two HR and P is key Provision of management info Free up customers Streamlining the support to customers Performance is better Working together Remove bureaucratic burden Sophisticated payroll system Taking out transactions Clear lines of responsibility Remove confusion	Integration Added Value Performance Payroll and HR Management Information Improved response and access times

	Never give up on developments Leap out into next tranche	
8. What is your organisations key strength/core competence?	Solid ICT platforms Quality people Customer focus Technological developments Investment and technology Vision People want to be seen as best in class Systems Not investment for investments sake Proving business case	Technology People Investment Software Investment Other Business Case
9. What would you say your organisations current market position is?	Schools Public Private Voluntary Foothold to move forward Early days Determine which one Taking risks Testing the market	Focussed Non-focussed Growth Risks Start up New comer
10. What's your view of your organisations model?		
a. What are the key success factors/strengths weaknesses attributable to your model?	Strengths Flexibility Range of services Expertise Growing development into the private sector areas Fall back on local government public sector Commitment of staff Professionalism of staff Willingness to learn, change. develop Support of the CEO and the commercial partner Proven track record of success Honed our services and workforce Fine tuned t model Concentrate on core added value services Understanding of the business Provide business solutions to our customers, Not just about paying people Impact on their organisation, Paid accurately and on time, Freeing up time Allowing customers to carry on with their business Our reputation	Range of products Market sector Knowledge base Leadership Partnership Current model Understanding customer needs Reputation

	Weaknesses BACS set up Value for money Truly competitive No reliance on public partner	VFM Competitive Independence
b. What doesn't work well/ what are the threats?	Threats Culture of the organisation willingness to take ownership Lack of understanding of new technology Reluctance to take chances Overload, too many competing services Lack of strategic direction in terms of our customer base, Too many priorities, Need to catch up with ourselves Ensure we are in the right shape for the future. Competitive elements Investment and Oracle Plus, Taking on much larger organisations Reputation needs to be built Reputation generally of the partnership Expanding our own horizons, More multifunctional across teams	Culture New technology Risk averse Overload Strategic direction Investment Technological change Reputation Competitive
c. What are the key opportunities/ improvements to the payroll service you may have planned?	Opportunities To develop the existing staff Provide the all singing all dancing product Break into new markets Using our commercial partner. Using the advantage of being seen to be leaders in the joint venture partnership field Being launched into other areas across the country with our commercial partner. Knocking on the door of our competitors to. Improve our profile through tender submissions, Maximising self-service Oracle Plus. Invest and catch. Improve the range of our support services Fit for the purpose in competing effectively in the market. Not developed the system sufficiently. Putting better organisation into the payroll section itself	One product to meet all needs New Market sectors Partnership Profile Maximise self service Technology advances Innovation Best fit Base skills

	<p>Comfort zone around the type of processes</p> <p>Continue applying their skills to any contract that we enter into.</p> <p>New technology is so vast and fast paced</p> <p>Option for human contact whether No choice, technology is taking over everything</p> <p>Automated response.</p> <p>Telephone voice recognition technology,</p> <p>Avoidance of all human contact is a great pity</p> <p>Will be driven by what is driven globally.</p> <p>Looking now at public access through text messages,</p> <p>Younger generation are using this technology a</p> <p>Match the pace of change.</p>	<p>Experience</p> <p>Human contact</p> <p>Automation</p> <p>Market driven</p> <p>Younger generation</p> <p>Pace of change</p>
11. Is the current payroll service cost effective?	<p>No</p> <p>Not maximised the benefits of system</p> <p>Develop Oracle System</p> <p>Create further opportunities</p> <p>Move staff into new business</p> <p>Not cost effective</p> <p>Not value for money</p> <p>Do things differently</p> <p>Streamline</p> <p>Order structure</p> <p>Other systems</p> <p>Benchmarking</p> <p>Bring costs down</p> <p>Not just about being cheap</p> <p>Quality services</p> <p>Accurately and on time</p> <p>How we deal with customer quickly effectively</p> <p>Knowledge of staff</p>	<p>Cost effectiveness</p> <p>Development of system</p> <p>Quality</p> <p>Staff knowledge</p> <p>Customer service</p> <p>Streamlining</p>

	Participant 6	
Interview Questions	Open coding	Themes
i) Please describe your organisation and your role in connection with payroll?	<p>Multi site</p> <p>Global Organisation</p> <p>Company Secretary</p> <p>Accurate and Timely</p>	<p>Multi site</p> <p>Large org</p> <p>Senior Contact</p>
ii) Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay	<p>Non UK sites</p> <p>Different systems</p> <p>Different platforms</p> <p>Monthly paid</p>	<p>Multiple systems</p> <p>Multiple platforms</p> <p>Multiple pay frequency</p> <p>Head office</p>

<p>frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment</p>	<p>Weekly paid Microsoft system Centralised Input from Other sites 1200 employees 2 payroll staff Payroll Checking Internal BACS Cash Payments Local Payments Separate HR System Separate Input System Separate Financial System</p>	<p>Multiple input sites Internal Bacs Cash Not fully Integrated</p>
<p>1. What is the absolute minimum model needed for you to provide payroll services in your organisation?</p>	<p>Accurately On time Minimum Cost</p>	<p>Accurate Timely Minimum Cost</p>
<p>2. How could this be enhanced?</p>	<p>Integration into Financial System Integration into HR System Develop Management Reporting Linking Reports to Outlook Server Appear as payroll system</p>	<p>Integration Management reporting</p>
<p>3. How would describe the perfect model for payroll?</p>	<p>Type of organisation Deliver appropriate output Inappropriate improvements Culture of organisation Hybrid system Outputs according to recipient Change for changes sake Driven by systems and technology Driven by org needs Remove interfaces Improve management reporting Already achieved big efficiencies</p>	<p>Type of Org Inappropriate outputs Culture Hybrid Driven Integrate Management Reporting Already there?</p>
<p>4. How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.</p>	<p>Limited opportunity Secondary function Sits under Finance or HR Hybrid of the two Was high cost Computerised self funding system Difficult to justify integration on financial terms Soft or no financial drive changes Strategic decisions Whoever has responsibility for payroll Strategic place Org is in Change Payroll use as a symbolic of change Big drivers are control and Mgt reporting Individuals making a name Payroll not the strategic driver Can facilitate strategic change</p>	<p>Limited Finance HR Hybrid Cost Financial terms Strategy driven place in org Symbolic use of payroll Control Management reporting Payroll can facilitate change Not a strategic driver</p>
<p>5. How does your organisation provide</p>	<p>42 sites One payroll</p>	<p>Multiple sites</p>

payroll services?	In house Control Consistency Cost	One payroll Consistency
6. Can you describe the structure?	One payroll officer 8 IT professionals HR director Company Secretary Supporting Pensions and benefits IT Finance HR Sites	Payroll IT HR Pensions Finance Multisite
7. How is the model driven in terms of vision and leadership/direction?	Driven by cost reduction Control Consistency Improving Management reporting Driven by IT vision Experience of payroll officer Motivation of payroll officer Best practice Making a difference Adding value Easier interfaces	Cost reduction Management reporting IT Experience Best practice Added value Easier interfaces
8. What is your organisations key strength/core competence?	Processing and trading of commodities People focussed Trading culture More services for less cost Culture rubs off Commercial drivers Impact across organisation Clear plans Single integrated platform Access to market forces Other organisations reluctance Isolated from market forces	People focused Trading Culture Commercial drivers Clear plans Single integrated platform Other orgs reluctance
9. What would you say your organisations current market position is?	Number one in recycling Developing new products Developing new service offerings New areas of recycling Demands for information is much greater Selling payroll a bolt on to finance systems Competing with stand alone providers Market is changing Benchmarks Can you buy payroll cheaper Payroll viewed in isolation Driven by size of organisation Bigger orgs standalone system Smaller orgs bolt on system Technology improvements Fully integrated systems	Top in class Developing New areas Demand for info Payroll bolt on to finance Compete with stand alone providers Changing market Benchmarks Payroll viewed in isolation Size of org Technology improvements Integrated systems
10. What's your view of		

your organisations model?		
a. What are the key success factors/strengths weaknesses attributable to your model?	<p>Strengths</p> <p>Managed part by HR part by finance</p> <p>Better management output</p> <p>Better integration into IT systems</p> <p>Ad hoc HR reports</p> <p>Weaknesses</p> <p>Interfaces are too numerous</p> <p>Input from 42 sites</p> <p>Manual interfaces</p> <p>Not integrated into HR system</p>	<p>In HR and Finance</p> <p>Output</p> <p>Integration</p> <p>Reports</p> <p>Interfaces</p> <p>Multisite</p> <p>Manual input integration</p>
b. What doesn't work well/ what are the threats?	<p>Threats</p> <p>People and culture</p> <p>Embracing technology</p> <p>Having skills and competencies</p> <p>Rekeying</p> <p>Non automated systems</p> <p>Internal payroll dependency</p> <p>Risk of failure</p> <p>Risk of sabotage</p> <p>Limited continuity</p>	<p>People</p> <p>Culture</p> <p>Technology</p> <p>Manual work</p>
c. What are the key opportunities/ improvements to the payroll service you may have planned?	<p>Opportunities</p> <p>Integration into other systems</p> <p>Expand current system</p> <p>Self service</p> <p>Outsource</p> <p>Time line continuum re growth</p> <p>Internal development</p> <p>Changed influenced by market</p> <p>Change influenced by politics</p> <p>Better control of mgt information and systems integration</p> <p>Change to bring about changes</p> <p>No one size fits all</p> <p>SWOT in context of time and environment.</p>	<p>Integration</p> <p>Expand to other systems</p> <p>Self service</p> <p>Growth over time</p> <p>Change with market</p> <p>Political change</p> <p>Management reporting</p> <p>No one size</p>
11. Is the current payroll service cost effective?	<p>Benchmarking</p> <p>Cost analysis</p> <p>Careful with transactional costs</p> <p>Incorporate indirect costs</p> <p>Include non financial factors</p> <p>Analyse improved effectiveness</p> <p>Risk profile</p> <p>Perform better</p> <p>Not only financial considerations</p> <p>Leap of faith</p>	<p>Benchmarking</p> <p>Indirect costs</p> <p>Risk</p> <p>Performance</p> <p>Non financial</p> <p>Leap of faith</p>

Interview Coding Summary

Q (i)	Please describe your organisation and your role in connection with payroll?	
Participant	1	Senior Officer: Joint Venture: Relationship: Future of LA's: Shared Service
	2	Middle management: Partnership: Public/Private: Not just transactions
	3	Local Govt: HR & Payroll: Strategic Person: Payroll multitask
	4	JV Partnership: Local Govt: Technical advances: Oracle system management
	5	Org Type: Org Size: Industrial Sector: Role Seniority in Organisation: Role Focus: Benefits and Features
	6	Multi Site: Large Org: Senior Contact

Q (ii)	Can you describe your organisation in terms of numbers on the payroll, IT platform used, pay frequencies, location /accommodation, customers, partners, payroll and pension staff numbers, scope of services e.g. BACS for all payments, finance recovery and payment	
Participant	1	Large Org: Integrated platform: Oracle Self Service: Partner Strength: Innovations: Development: New Business: Back office support: Call centre: Internal and External BACS: Peripheral systems: Interfaces: Separate system for payments
	2	Large organisation: Multiple payrolls: Partnership model: Contract Client: TUPE: KPI: Continuous improvement: 10 yr contract: New business expectations: Large payroll resource: Multiple systems: Not integrated Commercial partner: Location
	3	Northgate: In house: Robust contingency: Shared service: Link with other systems: Multi frequency payrolls: Separate payroll for ext customer
	4	Support team Senior manager: Payroll Systems Team: Recruitment: Relations: IT: Intranet: Call centre: External systems: Schools: Direct customer access: Change control
	5	Type of system: Mainframe: Networked: PC based: Internet: Hybrid System Links: Fully single integrated system: Linked or interfaced System: Stand alone systems: Hybrid (partially integrated or interfaced standalone systems): Dedicated Payroll Staff: Payroll linked
	6	Multiple systems: Multiple platforms: Multiple pay frequency: Head office: Multiple input sites: Internal Bacs: Cash: Not fully Integrated

Fig.5 continued

Q (iii)	What is the absolute minimum model needed for you to provide payroll services in your organisation?	
Participant	1	Efficient: Timely: Accurate: Not additional charges
	2	Accuracy: Timely: Independent
	3	Basic calculation: Basic payment: Paper: Other acceptable format
	4	Experience: Model offered: Future Direction: Scale
	5	Manual Paper: Manual Input
	6	Accurate: Timely: Minimum Cost

Q (iv)	How could this be enhanced?	
Participant	1	Individual contact: Relationships: Control the price

	2	Automation: Reduce paper: Self Service: Reporting
	3	One system feeds everything
	4	Simplicity: Strong with customers: No bespoke work: Income: Consider future model: Investment: Balance of new business growth and development
	5	Automated input: Pure Payroll: Enhance automation of payroll transactions: Self service: Future proof: User friendliness: System functionality and development potential
	6	Integration: Management Reporting

Q (v)	How would describe the perfect model for payroll?	
Participant	1	Accurately: Timely: Online payroll: Reports available: Reduce paper: Touchy Feely issues: Host of expertise: Not to have supplier challenging customer back
	2	Bespoke: Investment: Shared Service: One Payroll: Performance Impact
	3	Integrated HR and Payroll: Do it once: No interfaces: One supplier: Standards built into modules: Shared services: Keep in house: Outsource false economy: Make system fit
	4	Market sector: Execution of model: Exceed customer expectations
	5	Fully automated: Standardised system: Shared Services: Flexibility
	6	Type of Org: Inappropriate outputs: Culture: Hybrid: Driven: Integrate: Management Reporting: Already there?

Fig. 5 continued

Q (vi)	How can payroll drive strategic decisions or increase new opportunities for other related areas? E.g. HR, Finance etc.	
Participant	1	Expertise: Control responsibility: Dedicated staff
	2	Budget impact: Cost savings: Capture customers through reduced costs: Better quality
	3	HR forerunners: Payroll processors: Need for change: Locally negotiated pay: Investment resource needed
	4	Act like an HR Business Partner: Involved in HR policy: Self Service: Saving money for both
	5	Integration: Added Value: Performance: Payroll and HR Management Information: Improved response and access times: Responsibility: Management of Payroll system
	6	Limited Finance: HR: Hybrid: Cost: Financial terms: Strategy driven place in org: Symbolic use of payroll Control: Management reporting: Payroll can facilitate change: Not a strategic driver

Q (vii)	How does your organisation provide payroll services?	
Participant	1	Whole HRP model: Links to other services: Partnership: Services to related areas: Broad customer needs: Several systems: Report charges
	2	Internal BACS: Cheque: Location issue
	3	In house only
	4	Various services: Self Service: Resourced to self service
	5	Location: In-house: Outsourced: Confusion of roles: Client Relationships: Significance of soft non-system issues: Internal systems and human

		resources to meet service requirements: Issues if the Payroll provider
	6	Multiple sites: One payroll: Consistency

Q (viii)		Can you describe the structure?
Participant	1	Joint Venture Company: Service provision: New Business
	2	Partnerships
	3	Three management tiers
	4	Manager Self Services: Multi HR Service
	5	Structures
	6	Payroll: IT: HR: Pensions: Finance: Multisite

Q (ix)		How is the model driven in terms of vision and leadership/direction?
Participant	1	Contractual: Innovation: Investment: Choice: Customer confidence: Oracle shared service: Huge opportunities
	2	Transactions: Partnership streamlining: Business opportunity: Returns for client
	3	Corporately driven: HR agenda: Support others: Development from within payroll: Political: Innovation networks: Small communications gap
	4	Annually: Customer requirements: Unclear on cost saving
	5	People drivers: Strategic directions and its communication: Oracle (as the foundation): Investment Model: Shared services: Reporting Systems Drivers: Other Drivers
	6	Cost reduction: Management reporting: IT: Experience: Best practice: Added value: Easier interfaces

Q (X)		What is your organisations key strength/core competence?
Participant	1	Oracle capacity: Access to managers: Communications
	2	Leadership
	3	Relationships: Communications: People: Knowledge base
	4	Track Record: Staff: Technical
	5	Technology: People Investment: Software Investment: Other: Business Case
	6	People focused: Trading Culture: Commercial drivers: Clear plans: Single integrated platform: Other orgs reluctance

Q (xi)		What would you say your organisations current market position is?
Participant	1	Performance success: Capacity for innovative change: Ability to react to market needs: Ability to lead with shared service: Better options: Cheaper: Opportunity for long term discussions re future: Similar but different systems
	2	Partnership
	3	Payroll as a whole product: Small: Efficient
	4	Partnership
	5	Focussed: Non-focussed: Growth: Risks: Start up: New comer

	6	Top in class: Developing: New areas: Demand for info: Payroll bolt on to finance: Compete with stand alone providers: Changing market: Benchmarks: Payroll viewed in isolation: Size of org: Technology improvements: Integrated systems
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Q (xii)	What are the key success factors/strengths weaknesses attributable to your model?	
Participant	1	Investment backing: Innovation: Less for same costs: Control the price: Return of schools: Reputations: Human aspect/account manager: Self serve reports direct from the system: One system: Capture information
	2	Investment: Partnership: Innovation: Valued staff
	3	Small: Knowledge base: IT platform: Politics: Risk averse: Separate role thinking: Duplication: Accuracy: Centralise: Team: Manual entries
	4	Partner links: Electronic advances: Payroll in HR: Not Finance: Awareness of policy impact: Brand: Innovative: Resource: Business case: Integrated modules offered: Training for the right model: Too many projects: Better analysis: Politics: Charging of customers
	5	Range of products: Market sector: Knowledge base: Leadership: Partnership: Current model: Understanding customer needs: Reputation: VFM: Competitive: Independence
	6	In HR and Finance: Output Integration: Reports: Interfaces: Multisite: Manual input: Integration

Q (xiii)	What doesn't work well/ what are the threats?	
Participant	1	Bureaucracy: Bad use of resources: Too many client roles
	2	
	3	Competition: Not commercially focussed: Different to private sector: Risk averse
	4	External competition: Relationships: Oracle: Shared service agenda: All things to all customers: Non market sector work: Deciding on innovation: Not enough focus: Lack of resources: Motivation
	5	Culture: New technology: Risk averse: Overload: Strategic direction: Investment: Technological change: Reputation: Competitive
	6	People: Culture: Technology: Manual work

Q (xiv)	What are the key opportunities/ improvements to the payroll service you may have planned?	
Participant	1	Reporting: Gathering strategic data: Relationship issues: Additional system facility: Self service extended: Cater for all needs: Reputation: Perceptions dangerous: Improvements to system with new business
	2	System Improvements: Service improvements: Online expenses: Reduce Paper
	3	Online system: Employees self serve: Human aspect: Too much Technology: Personal touch: Technology saves time: Driving efficiencies: Understanding the broad picture: Large org loses sight of controls: Invest in our systems: Self service: Cash payments
	4	Self service exploited: Exploit Oracle connections: Schools: Check scaling

	5	One product to meet all needs: New Market sectors: Partnership: Profile: Maximise self service: Technology advances: Innovation: Best fit: Base skills: Experience: Human contact: Automation: Market driven: Younger generation: Pace of change
	6	Integration: Expand to other systems: Self service growth over time: Change with market: Political change: Management reporting: No one size

Q (xv)	Is the current payroll service cost effective?	
Participant	1	Not interested: Contractor issue: Few issues: Few mistakes: Capable of a lot more: Improve relationships
	2	High Payslip cost: Investment from Partner
	3	Benchmark: Includes HR staff: Not the cheapest
	4	Lack of information: Comparison of charges: Shared service concept: Quality loss: Adequate resources not committed: Motivated staff
	5	Cost effectiveness: Development of system: Quality: Staff knowledge: Customer service: Streamlining
	6	Benchmarking: Indirect costs: Risk: Performance: Non financial: Leap of faith